

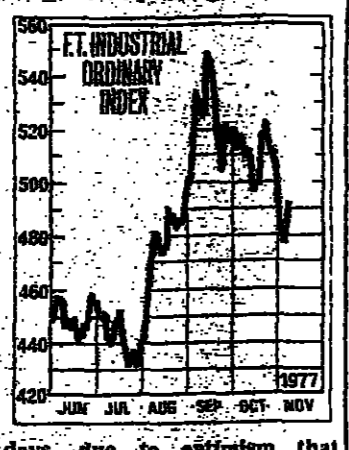
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NEWS SUMMARY

GENERAL
France locks S. Africa warships
John Vorster, the South African Prime Minister, told a meeting that South Africa had made adequate provision to cope with the arms embargo and a possible oil embargo.

BUSINESS
Equities up 11.8; Gilts rally
EQUITIES rose 11.8 to 4922, a 16-point gain in two days, due to optimism that inflation may be slowing.



WORLD
Airlines may drop collective fares
The world's airlines, meeting in Madrid, are considering a plan to abandon their method of setting fares collectively on major air routes such as the transatlantic. Prices would be set to the competitive forces of a market place.

PERSONAL
Princess Anne's baby
Princess Anne will not be given a title and Princess Margaret will not be made a duchess given a title in her own right.

LEGAL
Will list
The Royal Family's will, published in the London Gazette, lists the names of the executors.

INTERNATIONAL
U.S. plans on steel dumping
The U.S. may introduce agreed minimum prices for foreign steel imports, to try and stamp out dumping.

LOCAL
Urejev petition
Margot Fonteyn will be one of 11 ballerinas to petition the Russian Embassy in London.

SPORTS
Silver record
The 100m sprinter, Steve Narveson, has set a new world record.

LOCAL
Tory defeat
The Tory Party was defeated in the general election.

LOCAL
Ray dies
The actor, Ray, has died.

LOCAL
Relief
The relief efforts for the victims of the earthquake in Chile are continuing.

LOCAL
IEF price changes
The Industrial Equity Fund (IEF) has announced price changes.

Power station peace in the balance

Firemen's strike seems certain, says Rees after talks

BY OUR LABOUR STAFF

MR. Merlyn Rees, Home Secretary, left talks with firemen's union leaders and local authority employers last night admitting that a strike next week appeared certain.

"As things are to-night, it certainly looks as though there is going to be a strike on Monday," he said. The Government was going ahead with preparations for maintaining emergency cover and would be taking all measures to protect life and property.

The Home Secretary gave his gloomy assessment as a smooth and speedy return to normal working in all Britain's power stations hung in the balance after Electricity Council refused to pay power workers for the time they had operated a work-to-rule.

Meanwhile, it became clear last night that the National Coal Board is to meet the miners' pay claim head on. Its formal offer of reply to a claim for rises of up to 90 per cent, backdated to last week will make only one point; that, under the 12-month rule, a new wage deal is not due until March 1.

Talks yesterday between Mr. Rees and the Fire Brigades Union, and the local authority employers brought no change in the overall position. The Home Office said that Mr. Rees had reaffirmed that there could be "no question of any settlement with effect from November 7 which was not within the limit of the Government's guidelines on pay."

The Home Secretary had stressed the "incalculably serious consequences" which would follow a national strike in the fire service.

Earlier, leaders of 4,000 fire officers told Mr. Rees that they would not cross picket lines or fight fires alongside troops if the strike took place.

This would make the Government's efforts to maintain a degree of fire cover throughout the country even more difficult.

Mr. Rees said that he did not believe firemen, who are claiming pay rises of 30 per cent, fully appreciated the value of the Government's undertaking to reduce their working week from 48 to 42 hours starting this time next year.

This was a major breakthrough which the union had been seeking for at least ten years.

In the power stations dispute, payment for those who had joined in the week-old work-to-rule was one of the key demands put forward by leaders of the unofficial power workers' action committee as a condition for a return to normal working. The power workers also had demanded that their claim for improved fringe benefits should be included in the next round of the annual pay talks and that shop stewards should be recognised at local level within the electricity supply industry.

Although neither of the last two conditions was rejected by the Electricity Council, the

Hong Kong textile talks fail at EEC

By Guy de Jonquieres, Common Market Correspondent

BRUSSELS, Nov. 8

THE EEC and Hong Kong broke off talks this evening aimed at securing a bilateral agreement to limit the colony's textile exports after failing to find a mutually acceptable basis for negotiation.

The European Commission said that the talks, which had been under way in Brussels for almost three weeks, had been suspended indefinitely after Hong Kong had presented a package last Friday as its "final position."

The Commission's own compromise proposal remained on the table "for the moment" and it was hoped that the colony would still accept it.

However, the Commission warned that unless Hong Kong resumed negotiations on the basis of these terms the EEC could not maintain its present offer of an import ceiling of 18,000 tonnes next year, particularly as talks were now being held with more than 30 other textiles suppliers.

Hong Kong's chief negotiator, Mr. Lawrence Mills, said the EEC had admitted that the colony's latest proposals met its requirements, for export stabilisation. But they had been rejected because Hong Kong had failed to make the additional "sacrifices" demanded by the Commission, whose proposed ceiling is 13,000 tonnes below the colony's shipments to the EEC last year.

There are only three weeks to go before the deadline for concluding the talks, and the Commission has said that unless satisfactory agreements are reached with major suppliers by November 30 it will not renew the GATT multi-fibre arrangements but resort to autonomous restrictions.

Although the EEC has accepted Hong Kong's demand that its export control system be incorporated into an eventual agreement, a major stumbling block remains the colony's refusal to adopt the Commission's division of product categories.

Money supply growth rate above target

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE INCREASE in the money supply last month almost

stemmed from the massive inflows of foreign currency. The inflows of foreign currency were very large in the last fortnight of October, after the end of the banking month, so the November money supply figures will be affected and there may also be some spill-over in later months.

There is growing concern among some monetary analysts that the sharp fall in interest rates this year is leading to a rapid expansion in M1, the narrowly defined money supply.

In the same period, sterling deposits of U.K. residents with the London clearing banks rose by £262m, which "probably reflected the inflow of foreign money."

Meanwhile, sterling advances by London clearing banks to the U.K. private sector increased by £165m. A small seasonal fall was expected which suggests that the underlying rise in advances may have been around £200m, slightly more than in the previous month.

The London clearing banks report little real change in borrowing by manufacturing industry with most of the increase in the agricultural, retail, personal and professional sectors.

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Banking Tables Page 22
Lex. Back Page

U.K. rail rivals compete for Mexico City contract

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

THE BRITISH railway industry, divided by recriminations over unrealistic bidding for an important contract in Venezuela earlier this year, will be represented in two separate consortia in tenders for a \$450m. rail contract in Mexico City.

General Electric Company is to lead an Anglo-French group and Metro-Cammell, the Birmingham-based Laird group subsidiary, has formed an all-British consortium.

national groups with outline presentations in the ring. These include formidable opposition from Japan, Canada, Italy, Spain and West Germany. Firm tenders are expected by the end of the year.

Mexico City's specification is for an electrified surface rail, running on municipally-owned land alongside highways and designed to supplement a French-built rubber wheel metro dating from 1968.

Metro-Cammell believes that by leading the consortium through its marketing alliance with British Rail, BRE-Metro, it will emulate its success in Hong Kong last year, where it won a \$75m. order for Stage One of the colony's rapid transit system.

It rejects suggestions that the decisive factor in favour of the Caracas bid was the price of its coaches with the argument that coach cost is only a small proportion of the total cost of the total passenger car electrical equipment, to have been supplied by GEC in the Caracas bid, is said to be a greater component of price.

GEC, meanwhile, has completed its internal investigation of costing for Caracas and thinks that it can come up with a more competitive final bid in alliance with one or another of the French coach builders, Societe Franco-Alsacienne and ANF-Industrie. But the bulk of GEC's tender will be for work for its own divisions in signalling, telecommunications, switchgear and transformers.

ANF-Industrie has the advantage of being the supplier of bogies for the existing Mexico City metro, and Societe Franco-Alsacienne scored a major success in winning a \$54m. contract for the Atlanta Rapid Transit Authority. GEC itself is working on a large railway projects in Taiwan and Brazil.

Instigation

This outbreak of open hostility in an industry normally characterised by a fair degree of cooperation is directly traceable to the conduct of the GEC-led consortium, British consortium, which has astonished the Venezuelans at the end of last year with a tender price of \$866m. for work on the Caracas rail project—a bid more than double the lowest tender.

Since then, at the instigation of GEC, there has been an inquiry within some of the companies involved in the Caracas consortium, although Metro-Cammell was by that stage so unhappy with GEC's conduct it refused to cooperate.

The result is that the British industry's effort is split at the opening of bidding for the only remaining great railway project on the horizon, Mexico City, a 125-mile suburban railway. The length of the London underground— in three stages and at a probable total cost of £1.2bn. There are already 15 inter-

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Pacific markets in mind? It's NBNZ time

Backing for EEC curbs on United Brands banana trade

BY A. H. HERMANN, LEGAL CORRESPONDENT

LUXEMBOURG, Nov. 8

United Brands was also required to remove its restrictions on resale of green bananas imposed on ripeness, and to report half yearly for the next two years prices charged during the preceding six months.

United Brands has already cancelled the boycott of Th. Olesen, and relaxed the resale prohibition on green bananas. It has also cut prices by 15 per cent, and complied with the notification requirement.

However, besides the question of principle—United Brands claim "moral damages" of one unit of account—the court has to decide whether the fine should be upheld.

The case is also important because it is the first time the Commission and the court have attempted to investigate the complete price structure of an integrated multinational operation, embracing the cultivation, shipping, processing and distribution of a branded agricultural product.

ably, follow the line taken by the Advocate General in his summing up of the case. The court is the custodian of the provisions in the Treaty of Rome.

The case before the court is an appeal by United Brands against a decision made by the EEC Commission on December 17, 1975, over sales of its "Chiquita" bananas. The company—the former United Fruit Company—supplies about one third of the EEC's bananas, and a still higher percentage in Germany, Belgium, Luxembourg, and Denmark.

The Commission imposed a fine of 1m. units of account (about £50,000) on the company, for infringing Article 6 of the EEC Treaty, ordered it to cease charging different prices for its bananas to different buyers in different parts of the EEC; and to reduce prices so as not to make exorbitant profits; and to cancel its boycott of Th. Olesen, one of the leading Danish ripeners.

Whatever kind of business you are thinking of doing in the Pacific area you have to get used to a difference in time. One that means it can be tomorrow there when it is still today here.

The people to help you do that, and to supply all the specialist local knowledge that so often means the difference between business success and failure are at NBNZ—

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IEF PRICE CHANGES YESTERDAY

Prices in pence unless otherwise indicated.

Marston-Grampian	275	+ 15
NatWest	262	+ 7
Newmark (Louis)	143	+ 10
Park Farms	240	+ 15
Sedwick Forbes	320	+ 13
Smith (W. H.)	580	+ 15
Sound Diffusion	37	+ 8
Tate & Lyle	408	+ 12
Tobac-Elec	198	+ 8
Trusts Corp	45	+ 21
Union Discount	430	+ 15
G.D.T.	49	+ 5
Shell Transport	556	+ 8
Siebens (L.K.)	24	+ 5
Woodage	37	+ 8
Charter Comm	333	+ 8
Pacific Copper	42	+ 4
FALLS	283	- 8
De Beers Ltd	280	- 22
Harmony	111	- 1
Veal Rees	111	- 1
Western Assets	184	- 13

LOWBARD

The gamble on respectability

BY ANTHONY HARRIS

CONTRARY to some reports, the Chancellor is not a prisoner of the IMF; nor has he been brainwashed by the Governor of the Bank of England...

It will take some shifting, because his general beliefs are deep-seated. He regarded the monetary expansion under his predecessor as a success...

Confidence

In the summer crisis, some of his Treasury advisers were more bullish than the Bank itself about the need to reinforce monetary control to restore confidence...

So far, so good: but what still remains to be proved is that financial recovery does feed through to the real economy...

Recent business opinion surveys, including our own, suggest that Mr. Healey will get some visible results...

GARDENS TODAY

BY ROBIN LANE FOX

Check your hyacinths before mice eat them

WHAT CAN gardeners do in November after they have looked in the aching cupboard and seen if their Christmas hyacinths are showing more than an inch of green leaf...

I have often wondered why mice are known only for their fondness for crocus corms when there are other more succulent bulbs around the place...

Elegant

If the weather is mild, the buds now visible will open in April to drooping clusters of waxy white flowers...

Strong word

Otherwise, November is the month for cutting down those herbaceous plants, like Michaelmas Daisy, whose top growth is just as soon at it dies away...

Criticism

If the recovery comes through too slowly, or is too small to do the job, the kind of criticism which surfaced in the Expenditure Committee on Monday will soon be heard in the Cabinet...

RACING BY DOMINIC WIGAN

Five jumpers likely to pay their way this season

WITH THE jumping season in full stride, and the first big steeplechase—the Mackeson—completed, it is time to look at some horses likely to pay their way this season...

The first five in a group of jumpers which I hope will repay support to a level stake over the next five months are listed below...

BEILTON COTTAGE (four-year-old gelding, by Woodville II, out of Vulture, D. Barons)...

BIRDS NEST (seven-year-old gelding, by Enticement out of Fair Sabina, B. Turrell)...

BORDER INCIDENT (seven-year-old gelding, by Border Chief out of Cuddle Up, R. Healey)...

BBC wins 11 of 14 awards for Radio

THE REGIONS featured strongly in the 1977 Awards for Radio, presented in London last night by Lord Bessborough...

Saleroom Napoleon letters fetch £10,000

THE AUTOGRAPH Club Tasso's dialogue "Il governo del piacere onesto"...

At Belgravia, Victorian ink brought in £17,000, highest price of \$500 for Keeper's Son...

At Christies in Gen Tuesday, objects of art totalled £306,100...

A sale of watches and jewellery, held by Christie's at the Richmond in Gen Monday, totalled £261,490...

At Christie's in Gen Tuesday, objects of art totalled £306,100...

Supporter

American nurseries make more play with the photinia than we do, and the best of their new forms is now listed here as Red Robin...

The lesser-known Photinia Glabra, sold by Mansfield's Nurseries, Dorset, when available, has been pointed out to me by a great supporter of this family...

In wild gardens, these shrubs, like the Pieris, are fool enough to begin to grow when October is less than acutely freezing...

Barbican power bill to be cut

AN AGREEMENT between the City of London Corporation's energy sub-committee and London Electricity Board...

Heating scheme

SIR DEREK EZRA, chairman of the National Coal Board, visits Lincoln today to open the city's first district heating scheme...

Radio

BBC 1 4.35 Jackson's 4.40 The Pink Panther 5.00 John Craven's News...

F.T. CROSSWORD PUZZLE No. 3514

Crossword puzzle grid with clues for Across and Down.

ACROSS 1 Came to rest when brought from below (7, 2) 6 Material: Nonsense (5) 9 Loose thread with which French disorganised Frenchman (5)...

DOWN 1 Described to join overweight postwoman (5) 2 Cast here again in reversion (5, 4) 3 Successful in getting to base without being snaked (4, 3, 3)...

SOLUTION TO PUZZLE No. 3513

Grid for the solution to puzzle No. 3513.

LONDON

9.30 News. 9.55 Late of the Summer Wine. 10.05 Sportsnight. 11.15 Weather/Regional News...

12.25 a.m. ATN Newsweek. 2.25 a.m. ATN Today.

12.25 a.m. ATN Newsweek. 2.25 a.m. ATN Today.

12.25 a.m. ATN Newsweek. 2.25 a.m. ATN Today.

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12.25 a.m. ATN Newsweek. 2.25 a.m. ATN Today.

APPPOINTMENTS

Dunlop executives join Board

Mr. Anthony T. Harvey, who recently became director of overseas operations, and Mr. Ray Nairn, director tyres-UK, since 1975, have joined the Board of DUNLOP LTD...

Both have held Dunlop appointments abroad. Mr. Harvey began his career with the group in Nigeria...

Mr. Nairn has been with Dunlop since 1949. He went to India and in 1970 was made managing director of Dunlop India...

Mr. Ronald Denny has been appointed chairman of REDIFUSION ENGINEERING in succession to Mr. R. P. Gabriel...

Mr. J. J. Page, chairman of the National Ports Council, has joined the SIMPLIFACILION OF INTER-CONTINENTAL TRADING PROCEDURE BOARD...

Mr. H. D. Rowland has been appointed director of SICKNESS FINANCE CO. LTD. Mr. J. W. Lowe has made manager and Mr. Charles... managing director.

The following divisional directors of LOWES LAMBERT GROUP have been appointed to the group's main Board:

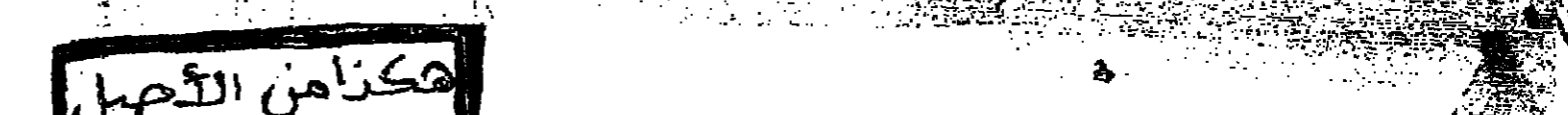
Mr. J. R. Bagwell, Mr. A. R. B. Coates, Mr. C. J. W. Evans, Mr. R. N. L. Hildesley, Mr. J. S. Irvine, Mr. D. E. Parker, Mr. R. H. Pickett, Mr. D. F. Smead, Mr. R. Smead, Mr. J. T. Whittaker, Mr. M. J. W. White, Mr. J. J. Whittaker, Mr. M. J. W. White, Mr. J. J. Whittaker, Mr. M. J. W. White...

Mr. Douglas MacCallum has been appointed managing director of DINERS CLUB OF GREAT BRITAIN in succession to Mr. Roger Flemming...

Mr. E. D. Lambkin, Assistant Secretary of the LONDON MUTUAL ASSURANCE SOCIETY, has been appointed managing director of the company's London office...

The Hongkong and Shanghai Banking Corporation has announced the following appointments to its London Advisory Committee:

Mr. E. H. Watson, resident director in London and a member of the Council of KWIKASAIR EXPRESS, has been appointed to succeed to Sir John Saunders...



A Beautiful Harvest

by CHRIS DUNKLEY



Joanne Davitski, Tim Stern and Alison Steadman in 'Abigail's Party'

the autumn television season...
 £10...
 Nam...
 letter...
 fetch...
 BY ANTHONY...

Stamps...
 join B...

Graef made *The Space Between*...
 In 1974 came Paul Watson's...
 Then last year Roger Mills...
 From him it is possible to pick...
 Elizabeth Hall

Festival Hall Philharmonia by RONALD CRICHTON

Bernard Klee conducted last night's concert by the Philharmonia, starting with a broadly drawn orchestral background for Strauss's Four Last Songs...
 On the previous evening Kurt Sanderling led the Bournemouth Symphony Orchestra...

Theatre Royal, Stratford, E.15 The Funniest Man in the World

Dan Leno was billed as "the funniest man on earth" when he went to New York in 1897...
 Mr. Farson has supplied Mr. Kelly with some delightful, presumably original patter sequences...

Zurich theatre Austere Dürrenmatt

As in his earlier comedy-thrillers, the theme of Dürrenmatt's latest, *Die Frist* (possibly best translated as *Time Gained*)...
 When Andrzej Wajda, a guest-director of *The Collaborator*, came to blows with his author...

St. John's, Smith Square Musicanada

The second offering of Musicanada, the current presentation of Canadian contemporary music...
 Garant's own *Ritages*, a setting of a poem by Alain Grandbois for baritone (Bruno Laplante) and chamber ensemble...

Elizabeth Hall 20th-Century Ensemble

The Twentieth-Century Ensemble of London under Edwin Sturgis...
 The evening had begun with the first complete performance of *Ludes* for harp and string trio...

John's, Smith Square BBC Singers by MAX LOPPERT

A golden base of Strauss at its finest and, and, an austere...
 In both, the "orchestration" is as elaborate (the voices were enlarged in number to 48)...

Computes with directors and personnel travelling, or working overseas are invited to send for details of the MEDICAL AIR REPATRIATION POLICY which provides cover up to £20,000 worldwide.

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BRITAIN'S LEADING INDEPENDENT MEDICAL REPATRIATION GROUP

Covent Garden Les Noces

The electrical power crisis has not only done for the postponed curtain rise at the Opera House last night but, I would hazard, might also take some responsibility for the fact that *Les Noces* looked "out of sync."

The Entertainment Guide is on Page 20

dance and score were marginally at odds with each other...
 Perhaps the evening was dedicated to the demon of mischance who delights in the melodramatic and the ob-solutely wrong.

Have you been affected by the industrial dispute at BOC?

If so you will be glad to know that we are beginning to resume deliveries of industrial gases. We are, however, faced with an enormous backlog of demand and it may take some weeks before we are completely up-to-date.

Please tolerate deliveries at odd times. We'll be running overtime delivery shifts to cope with the abnormal load so we shall ask you if you would accept deliveries out of working hours or at weekends but only if it is convenient to you.

Please do not stockpile however tempting it may be. We will be able to restore normal deliveries more quickly if you order only what you need.

Please return as many empties as you can. You won't lose out on future supplies. You'll be entitled to full cylinders in exchange later as soon as they become available.

We should like to thank you for your understanding and support and ask you for continued patience for just a few more weeks.

EUROPEAN NEWS

Hard line urged over Italy violence

BY PAUL BETTS

THE ITALIAN Government has called a special Cabinet meeting next week to review the deterioration of law and order in the country in the wake of renewed political violence and a rash of kidnappings during the past 48 hours, whose victims have included a member of one of Italy's oldest aristocratic families.

While a ransom of £10bn (about \$17m.) has been demanded for the release of the 66-year-old Duke Grazioli Laude della Rovere, seized in the capital last night, left-wing extremists shot and badly wounded a manager of the Alfa Romeo car company and assaulted a student in Milan today. In Bologna, a police station was bombed, as was West German property at Cagliari and Florence.

Meanwhile the Italian Prime Minister, Sig. Giulio Andreotti, and the Interior Minister, Sig. Francesco Cossiga, are coming under mounting pressure from their own Christian Democrat Party to introduce tougher law and order measures following a recent concerted tide of political violence against party officials and institutions.

Since June there have been some 19 terrorist attacks against Christian Democrat members and numerous acts of violence against party offices. Some deputies have already expressed, both in private and in public, fears for their personal safety.

Sig. Pietro Flocchi, the managing director of one of Italy's largest arms companies which bears his name was seized by masked gunmen near his home in Lecce last night in the second kidnapping in Italy within the past 24 hours.

To-morrow, Christian Democrat Party leaders will discuss the issue with the Prime Minister.

Some Christian Democrats are now claiming that there is a press campaign in Italy against the party which, according to some members, is directly linked with anti-Christian Democrat terrorist activity. Others claim that there are "international forces" behind the renewal of political violence in Italy.

While the Christian Democrats have so far officially made no request for "emergency measures," they are clearly unhappy with the delays in applying law and order provisions envisaged in the inter-party policy agreement signed earlier this year.

At the same time, some party members are dissatisfied with this agreement, which effectively gives the Communists a direct say in government. However, it is this agreement which keeps the minority Christian Democrat administration of Sig. Andreotti in office.

New law and order measures—including the reorganisation of the police and the secret services and the expediting of the cumbersome judicial process—have been obstructed by repeated objections by the left-wing parties.

Although there is general consensus over the seriousness of this latest wave of violence, the ruling party is also attempting to make as much political mileage as possible out of it. Opposition parties and the trade unions, who have already expressed solidarity with the Christian Democrats, will now undoubtedly be heavily pressurised to approve a law and order package.

At least partially in response to the renewed demands for tougher law and order measures from the Christian Democrats, the authorities this week closed down two centres in Rome and one in Turin of extra-parliamentary extreme left-wing groups suspected of subversive activities.

Sig. Andreotti is also facing pressure on two other fronts. A summit meeting of leaders of different parties is expected to review the inter-party accord as a whole.

There are now also growing signs of a confrontation between the Government and the trade unions after nearly a six-month-old truce.

On the wider issue of the Government's economic programme, the unions are threatening a nationwide general strike.

SIG. FRANCESCO COSSIGA

A compromising relationship

BY DOMINICK J. COYLE

IF THE rejuvenation and revitalisation needed to save the Christian Democratic Party which has ruled Italy since 1945 from decline is ever to take place, one man who may play an important part in the process is the present Interior Minister, Sig. Francesco Cossiga.

With escalating political violence, a prison system which has difficulty keeping its prisoners, and a rash of kidnappings, Sr. Cossiga has arguably the hottest job in the Italian cabinet. Returning last week-end from an official visit to Britain as guest of the Home Secretary, he walked right into the mounting controversy over political violence and how to tackle it.

Mr. Rees visited Italy a few weeks ago and managed to fit in a social week-end at Sig. Cossiga's favourite retreat—the island of Sardinia, where, at Sassari, he was born just under 50 years ago. The Home Secretary probably also managed to pick up a little titbit of information not generally known outside Italy, and perhaps not even generally within it, namely that Sig. Cossiga's cousin is none other than Sig. Enrico Berlinguer, leader of the Italian Communist Party (PCI).

None the less, he sometimes gives the impression that judicial kid-gloves are hardly sufficient to tackle the violence, especially that which is politically motivated, and that the police could usefully be given additional powers in holding suspects longer and interrogating them without the presence of magistrates or defence lawyers.

Yet his own background inclines him to a considerable regard for human rights. He is a doctor in jurisprudence, who has lectured on constitutional law at Sassari University. He consumes technical studies and academic theses as more mundane political reading than his daily newspapers and has an impressive knowledge of European constitutional practice and procedure.

In his native Sardinia at least, he is a considerable vote-catcher. He first entered Parliament in May, 1958, after a stint with the Banco di Sardegna, with a personal preference of 53,000 votes. He pushed this to more than 102,000 in the 1968 election, before winning a personal preference of almost 180,000 in the June, 1976 poll.

His family ties with the Communist leader Sig. Berlinguer could turn out ultimately to be either a help or a real hindrance to him in his own party, depending on whether the Christian Democrats will ever accept an accommodation in government with the PCI. But there remains little doubt that if the remnants of the party's largely discredited "old guard" are to be pushed aside, as party activists in the country are demanding, and working for Sig. Cossiga must be among the new elite.



Sig. Francesco Cossiga

Sig. Cossiga himself will not say so publicly—but what better way to bring about the PCI's long-cherished "compromesso storico," or grand alliance in government of all Italy's democratic forces than to keep the negotiations between the Chris-

tian Democrat and Communist leaders within the family! The minister's aides, however, talk about "a trump card he might use."

If, in fact, he is so inclined, he must first strengthen his base in his own party. He is working on it, even if isolated Sardinia is not the best platform from which to bid for the Christian Democratic leadership. He does, however, have youth on his side, to say nothing of considerable, and indeed continuous, Press exposure.

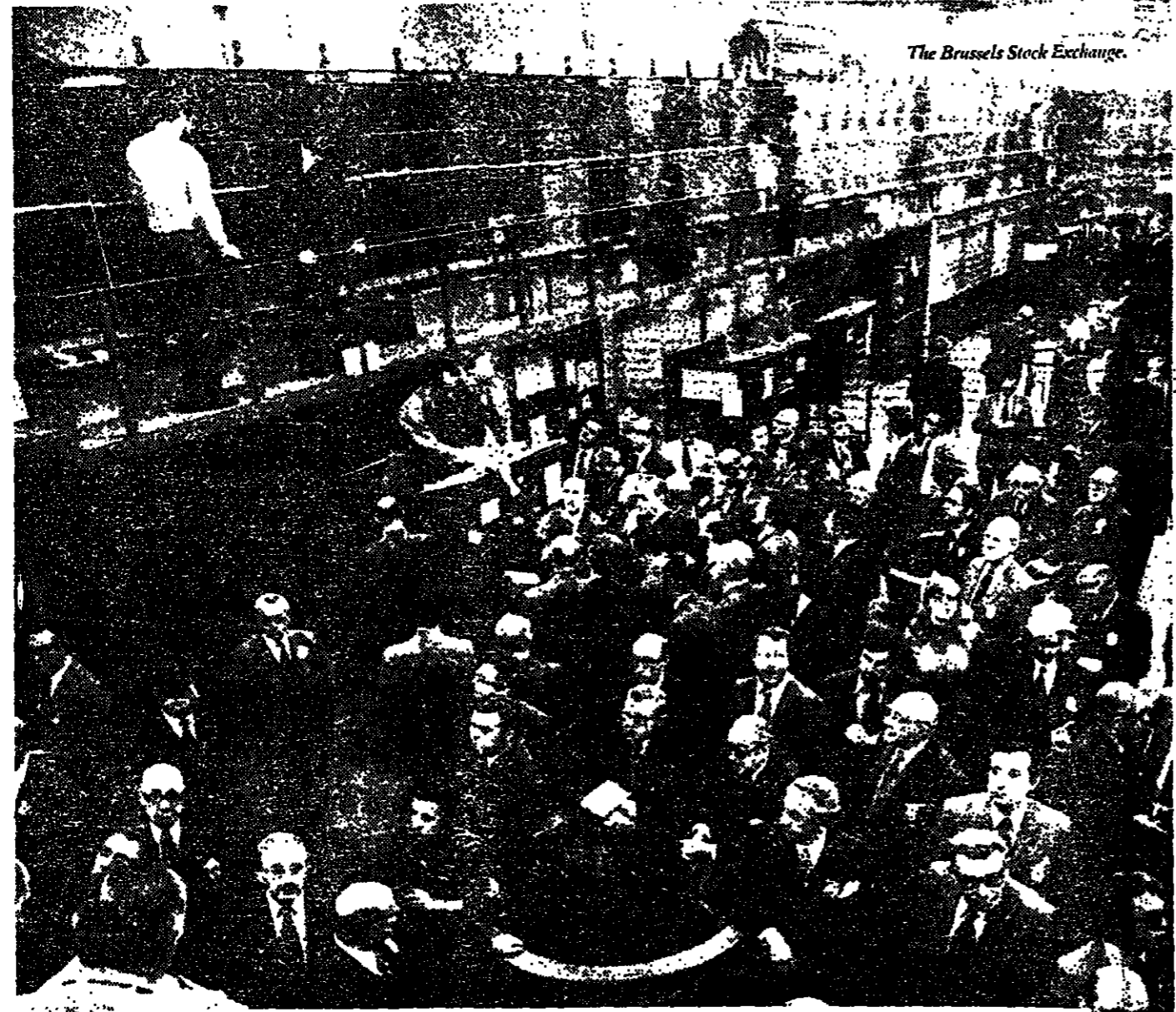
Sig. Cossiga's answer to the mounting toll of crime is, in the main, not new laws, but the effective implementation of existing ones. There has been increasing opposition to this line from a growing faction within his own party.

None the less, he sometimes gives the impression that judicial kid-gloves are hardly sufficient to tackle the violence, especially that which is politically motivated, and that the police could usefully be given additional powers in holding suspects longer and interrogating them without the presence of magistrates or defence lawyers.

Yet his own background inclines him to a considerable regard for human rights. He is a doctor in jurisprudence, who has lectured on constitutional law at Sassari University. He consumes technical studies and academic theses as more mundane political reading than his daily newspapers and has an impressive knowledge of European constitutional practice and procedure.

In his native Sardinia at least, he is a considerable vote-catcher. He first entered Parliament in May, 1958, after a stint with the Banco di Sardegna, with a personal preference of 53,000 votes. He pushed this to more than 102,000 in the 1968 election, before winning a personal preference of almost 180,000 in the June, 1976 poll.

His family ties with the Communist leader Sig. Berlinguer could turn out ultimately to be either a help or a real hindrance to him in his own party, depending on whether the Christian Democrats will ever accept an accommodation in government with the PCI. But there remains little doubt that if the remnants of the party's largely discredited "old guard" are to be pushed aside, as party activists in the country are demanding, and working for Sig. Cossiga must be among the new elite.



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Portugal opposition leaders resign

BY DIANA SMITH

THE RESIGNATIONS last night of Sr. Francisco Sa Carneiro and Sr. Antonio Sousa Franco, president and second largest political party, the Social Democrat Party (PSD), have further complicated an already chaotic political scene.

Sr. Sa Carneiro has long been the most aggressive opponent of Prime Minister Mario Soares and his minority Socialist government. His recent insistence on a share of power through seats in a coalition Cabinet—which Sr. Soares rejects—has made it impossible for moderates in his party to seek less tense relations with the Socialists, which many Socialists, as well as President Antonio Ramalho Eanes, had eagerly sought for many months.

Yesterday Sr. Sa Carneiro was overruled at a meeting of the PSD political committee after an outburst in which he lashed out at the president and demanded that the PSD intensify its opposition and that it insist on a coalition. Late last night it was confirmed that he had resigned.

In theory, this paves the way for a debate between the PSD and the Socialists and even for a merger of PSD moderates with the Socialist Party. The resignations to-day of leading left-wing Socialists, including the former Minister of Agriculture, Sr. Antonio Lopes, indicate how far the PSD has drifted from its original formation. The PSD has shifted the ruling party towards the Centre and helped lay the ground for such a merger.

Denmark calls for air talks

BY ROBERT GRAHAM

DENMARK has invited Britain to open negotiations later this month on flight agreements with the British and the other countries which own the SAS—Denmark, Sweden and Norway.

The talks would take place in Oslo on November 21 and Britain was expected to reply to the offer to-morrow or Thursday, the spokesman said.

Denish transport Minister, Kjeld Olesen, has accused Britain of trying to blackmail Denmark into allowing new British flights to Copenhagen.

A Ministry spokesman said Denmark wanted to take up the possible revision of existing civil aviation agreements between Britain and the three countries which own the SAS—Denmark, Sweden and Norway.

The mission is the result of a Spanish initiative and follows a series of discreet contacts over the past two months.

The fund has been kept in the picture about projected measures, but it is a reflection of the Spanish interest in maintaining good relations with the IMF that a mission is here only two weeks after the signature of the package.

The IMF team, led by Mr. Alvin Pflieger, head of the European Department, is expected to remain here until about November 15.

The prime motive for the visit is to receive a thorough briefing on the details and the policies of the economic package, which is based on a 22 per cent. wage ceiling and a 17 per cent. limit on the increase in money supply for 1978. However, beyond this, it is clear that the Government is anxious to obtain an IMF imprimatur for the measures.

Officials in the Economy Ministry say that Spain is not talking to the mission about possible IMF funding in the short term. They point out that reserves rose by almost \$2bn. from mid-July to early October, and that, since the July 12 devaluation of the peseta, the currency has strengthened by some 4 per cent.

This said, there is still uncertainty as to how the economic package will work. Officials believe it will not be before March or April that any assessment can be given. For instance, the package is vague in its assessment of, and planning for, any increase in the price of crude oil, following the OPEC meeting in Caracas in December. Even a modest price rise, it seems, could disturb the calculations behind the package.

Dutch Queen appoints new mediator

BY MICHAEL VAN OS

QUEEN JULIANA made a new attempt to solve the six-month-old Government crisis by appointing a mediator to pave the way for a Cabinet which could command the support of a majority in Parliament.

He is Professor Willem van der Grinten, aged 64, a lecturer on civil and international law and a Christian Democrat State Secretary at the Economics Ministry from 1949-59.

Mr. van der Grinten's brief leaves him free to explore the possibility of a coalition between the Christian Democrats and the Right-Wing opposition party VVD after last week's collapse, for the third time of coalition talks between the Christian Democrats and Labour, who made up the outgoing Government.

Political sources in The Hague said to-night, however, that Mr. van der Grinten is more likely to try once again to bring the Christian Democrats and the Labour Party together.

French Socialists urge immediate reflatio

BY DAVID CURRY

THE SOCIALIST PARTY yesterday issued a detailed economic policy document calling for immediate deflation by boosting consumer spending, raising wages, increasing social allowances and a batch of employment-creating measures including retirement at 60 and 55 for men and women respectively.

Signalling the Socialist counter-offensive against the Communists, the party also issued advance copies of a booklet, *Eighty-nine Replies to Economic Questions*, setting out the Socialist position on everything from the crisis in world capitalism to the future of the processed food industry.

The document, based closely on the 1973 Common Programme of the Left, was introduced to-day by M. Francis Mitterrand, the Socialist leader. Although he insisted that the publication of a purely Socialist programme did not rule out an eventual accommodation with the Communists, the impression remains that the Socialists regard it as increasingly probable that each side will have to make concessions.

The Confederation Generale du Travail, the Confederation Francaise et Democratique du Travail and the Federation de l'Education Nationale yesterday called a one-day national strike of members for December 1, union sources told Reuter in Paris. The strike is to protest against the Government's economic policy.

Perhaps the most remarkable feature of the 30-page document is that the question of nationalisation, over which the Socialist Communist alliance fell apart two months ago, gets no more than a small paragraph, and then only to reaffirm the Socialist commitment to nationalise the nine big industrial companies which the State already owns.

The section on short-term policy priority is given to creating employment. It proposes the hiring of an additional 150,000 workers in the State sector plus 60,000 temporary local auxiliaries, the lowering of the pensionable age, an increase in unemployment pay to 50 per cent. and, in some cases, twofold of a minimum wage raised by at least Frs3,000 a month (new Frs1,700), and the re-launching of investment.

A second priority is given to directing the increase in purchasing power to the lower paid and the restriction of increases in incomes of more than Frs800

W. German caution on European monetary union

BY JONATHAN CARR

THE WEST GERMAN Economic Minister, Count Otto Lambsdorff, believes that a new drive for European monetary union should only be made when the success of the enterprise can be virtually assured from the ground up. He was answering questions from the Financial Times on his attitude to moves by the European Commission to relaunch the debate on monetary union. The commission president, Mr. Roy Jenkins, recently urged the adoption of a single European currency and centralisation of the monetary policy—though he did not spell out a timetable.

Mr. Roy Jenkins, who became Economics Minister last month, noted that repeated attempts to progress towards monetary union had been made over the years and all had foundered. There was no point in making a further push only to see this collapse, as well.

In his opinion, a new drive should be made only when the economic and other conditions in Europe were such that the monetary objective itself was virtually "in the bag." It was not clear when this might be. He agreed that enlargement of the Community would not make interest in currency stability.

Path to N-power eased

BY OUR OWN CORRESPONDENT

AN IMPORTANT round was won in the energy gap which would day in the battle to avert a years-long halt to nuclear power construction in West Germany.

After a highly controversial debate, the congress of the Free Democrat Party (FDP) agreed to a compromise resolution which would permit construction of a limited number of nuclear power plants in the relatively near future.

This decision over-ruled another taken by a leading party body in the summer whose effect would have been to block all further construction for years.

All eyes now turn to the congress next week of the Social Democratic Party (SPD), which can form the coalition government with Bonn with the FDP. If the SPD can achieve a similar effect, the Government will be able to breathe more easily.

Chancellor Helmut Schmidt and other ministers have opposed a halt to building new nuclear power plants. The Government is anxious to obtain an IMF imprimatur for the measures.

Officials in the Economy Ministry say that Spain is not talking to the mission about possible IMF funding in the short term. They point out that reserves rose by almost \$2bn. from mid-July to early October, and that, since the July 12 devaluation of the peseta, the currency has strengthened by some 4 per cent.

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IMF team in Madrid to study economic measures

BY ROBERT GRAHAM

A FIVE-MAN team from the International Monetary Fund has arrived here on a special mission to study economic measures contained in the recently agreed social contract subscribed to by both the Government and the opposition.

The mission is the result of a Spanish initiative and follows a series of discreet contacts over the past two months.

The fund has been kept in the picture about projected measures, but it is a reflection of the Spanish interest in maintaining good relations with the IMF that a mission is here only two weeks after the signature of the package.

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OECD oil consumption up 2.8%

PARIS, Nov. 8.

OIL CONSUMPTION in the Organisation for Economic Co-operation and Development area rose 2.8 per cent to 386.5m tonnes in the second quarter compared with the same quarter last year, a significant slowdown from the 3.9 per cent. growth rate in the first quarter, the International Energy Agency (IEA) said.

Since OECD Europe showed no change, the modest overall growth in oil consumption reflected a 2.6 per cent. rise in Japan and 3.2 per cent. in the U.S.

Net crude oil imports by the OECD area rose 6.9 per cent to 300m. tonnes in the second quarter compared with the same quarter a year ago, following a 13.8 per cent. rise in the first quarter.

Common Fund warning to West

BY DAVID HUGHES

GENEVA, Nov. 8. DEVELOPING nations tend to lobby against the possibility of collapse of negotiations to establish a Common Fund to aid the least developed countries unless the West was prepared to meet certain "basic conditions."

In a strongly worded statement on behalf of the so-called Group of 77, Mr. Ali Alai Indonesian ambassador to United Nations in Geneva, out to rebut the widespread belief that the developed nations were divided on a goal of the Fund. He spoke instead of the "wide chasms" that divided developing nations, and declared that the Group of 77 was determined to hang together on what they regard as fundamentals.

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Arabs boycott UNCTAD aid meeting

BY OUR OWN CORRESPONDENT

GENEVA, Nov. 8. ARAB MEMBERS of OI appear to be boycotting a meeting that opened here last week on aid for the least developed nations. One of the purposes of the meeting was to invite the oil rich nations to help in providing assistance for the world's 23 poorest countries.

The meeting is being organised under the aegis of the United Nations Conference on Trade and Development (UNCTAD). Delegates believe the reason the Arab have so far failed to attend is to demonstrate their displeasure with a report on OPEC's financial struggle for development efforts by institutions of the member OPEC.

The Arabs are believed to feel this was an unfair proposal of the aid as being smaller than it really is, primarily directed to host states.

كزامن الاصيل

AMERICAN NEWS

Lower fares to boost trans-Pacific flights

DOUGLAS HANNEY TOKYO, Nov. 8

TRAVEL from Japan should be boosted on November 20... The Japanese Government's recently expressed intention of lowering yen air fares to promote overseas travel...

IATA may let market fix prices

MADRID, Nov. 8

THE AIRLINES of the world are abandoning their present policy of setting fares... The matter is believed to have come to a head at a meeting in Geneva over the weekend...

Fresh row over SALT treaty

WASHINGTON, Nov. 8

THE SHIMMERING disagreement between supporters and opponents of the new strategic arms treaty... The immediate cause of the row is the remarkable number of leaks in the Press about what the treaty will propose...

Joint chiefs' role under review

WASHINGTON, Nov. 8

PRESIDENT CARTER has many Pentagon military officials feel that there is considerable waste in the budgetary processes and operations of the armed forces... Mr. Brown was a protégé of Mr. Robert McNamara...

Rain hits NYC poll

NEW YORK, Nov. 8

CONTINUOUS heavy rain was expected to depress the turnout in elections today... Mrs. Dolen's predictions were impressively accurate...

Ruling protects Press

NEW YORK, Nov. 8

A U.S. federal appeals court in New York has ruled that a public figure seeking a libel judgment cannot inquire into the thoughts, opinions and conclusions which led to the writer's editorial judgment... The ruling applied to the libel suit filed against Columbia Broadcasting System and Atlantic Monthly magazine...

Iron miners reject strike peace plan

NEW YORK, Nov. 8

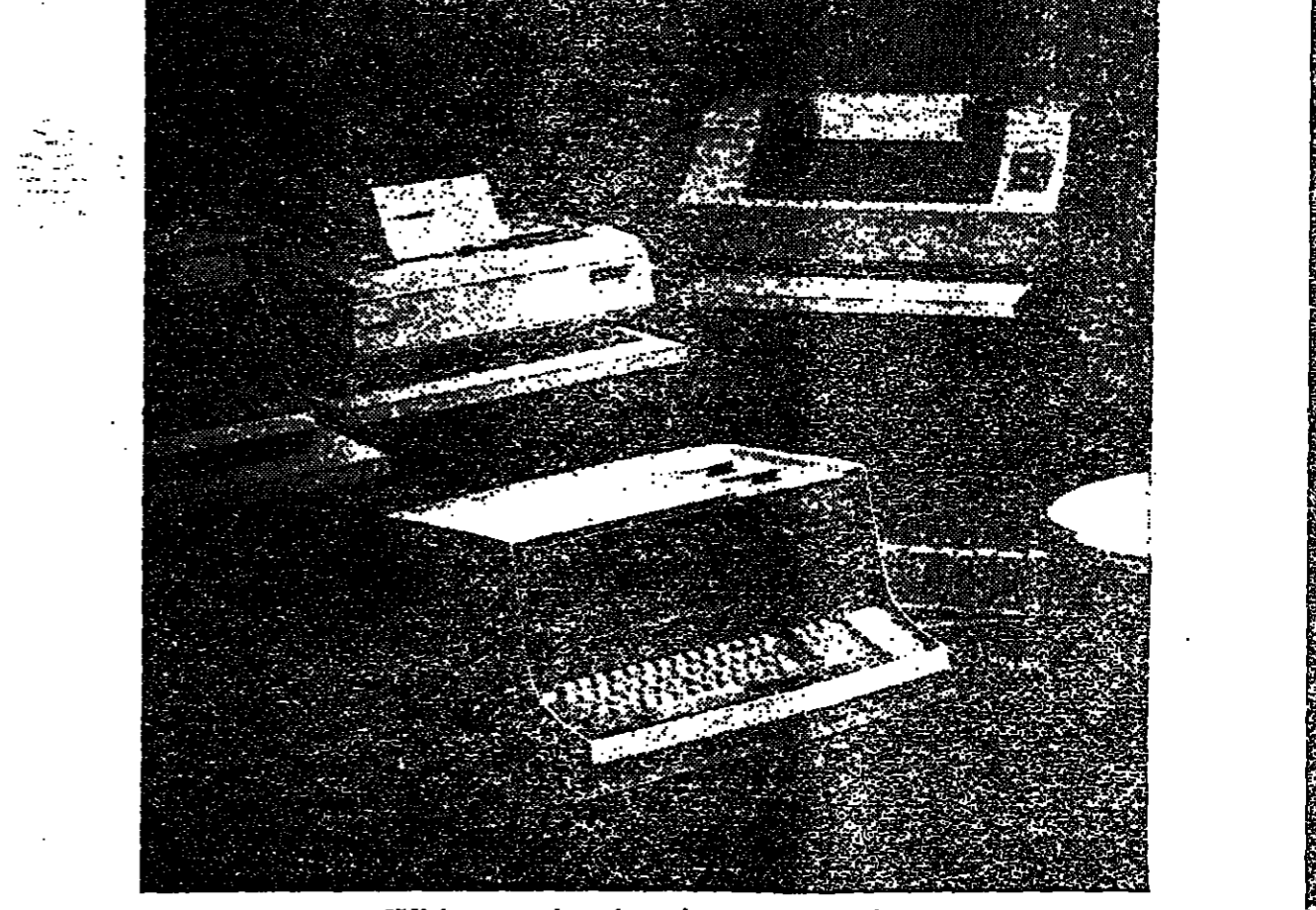
EFFORTS to settle the three-month-old strike by U.S. iron ore miners appear to have failed following the rejection by local officials of a peace plan endorsed by the United Steelworkers leadership... The rejection, delivered by a meeting of local union leaders in Duluth, Minnesota, yesterday...

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OVERSEAS NEWS

Direct rule sought for Kelantan

By Wong Sulong

KUALA LUMPUR, Nov. 8. THE MALAYSIAN Prime Minister, Mr. Datuk Hussein Onn, tonight presented a bill to Parliament, seeking to impose a state of emergency in the politically-troubled state of Kelantan, and to rule it from Kuala Lumpur.

Carver mission hits elections problem

By OUR FOREIGN STAFF

AFTER EIGHT inconclusive days, Field Marshal Lord Carver's efforts to arrange a Rhodesia ceasefire neared their close yesterday embroiled in fresh disagreement on the key question of when elections should be held as part of a settlement.

S. Africa 'ready' for embargo

By Quentin Peel

JOHANNESBURG, Nov. 8. SOUTH AFRICA has made adequate provision to cope with the UN arms embargo and any possible oil embargo, because it had foreseen both measures years ago, Mr. John Vorster, the Prime Minister, said tonight.

ISRAEL AND THE WEST BANK

Palestinian leaders 'deported'

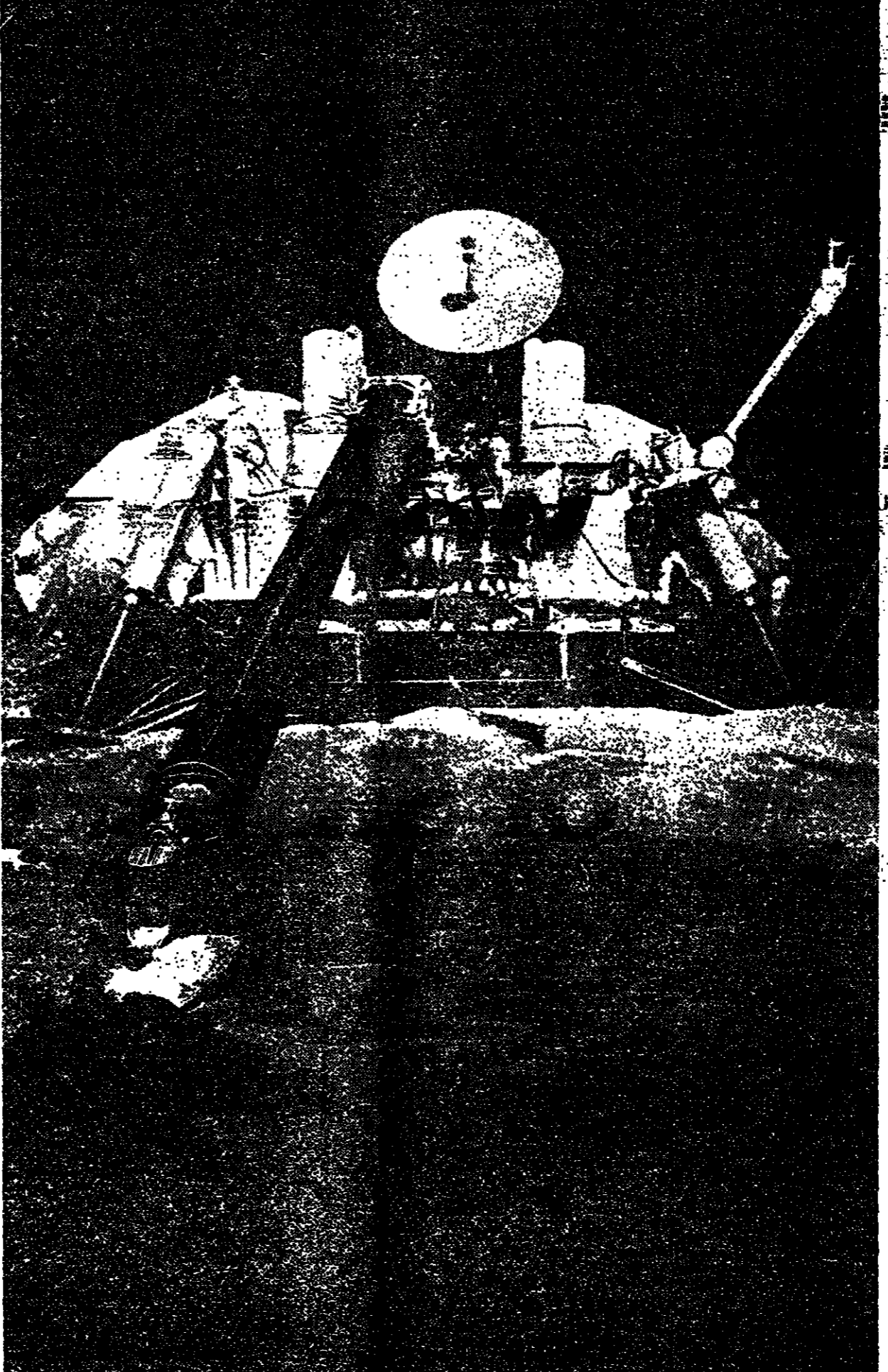
By RAMI G. KHOURI

THE CURRENT international debate about finding political representatives to speak for the Palestinians living under Israeli occupation on the West Bank and in the Gaza Strip should perhaps be viewed in the light of a recent study of Israeli deportations from the areas since the 1967 war.

Prior to November, 1969, the deportees were taken to the Jordan River bridges and sent into Jordan. When the Amman Government refused to accept deportees across the bridges in November, 1969, the exiled Palestinians were sent across the Lebanese border or were sent into the hot, desolate and drought-stricken terrain of the Wadi Araba region between the Dead Sea and the Gulf of Aqaba.

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CARRIER CORPORATION ENERGY IDEAS AT WORK.

Israeli bombardment in Southern Lebanon

By HANAN HIJAZI

ISRAELI ARTILLERY today mounted a massive bombardment against refugee camps of Palestinian positions in Southern Lebanon in apparent retaliation to a rocket attack earlier in the day on the Israeli sea side resort of Nahariya, eight miles south of the Lebanese border.

Sadat strives to heal Arab rift before Tunis

By ROGER MATTHEWS

THE PAST week's burst of Arab diplomatic activity aimed at coordinating policy on reconvening the Geneva Middle East peace talks is expected by senior Egyptian officials to yield results in the next three days.

Iraq offers 'cut-price' oil

By RAY DAFTER, ENERGY CORRESPONDENT

THE CONTINUING oil glut has caused Iraq to join the list of major producing countries now offering discount prices for crude oil.

Press protest in Pakistan

By Simon Henderson

ISLAMABAD, Nov. 8. JOURNALISTS AND newspaper employees in Pakistan have protested at the forced closure of newspapers by the military Government.

Border rebuk for Morocco

WASHINGTON, Nov. 8.

ALGERIAN Foreign Minister Abdel Aziz Bouteflika yesterday told Moroccan officials that any violation of the 1962 ceasefire would have catastrophic repercussions.

مكاتبنا في القاهرة

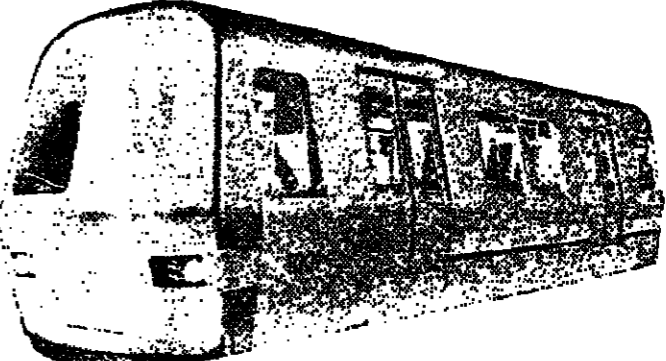
WORLD TRADE NEWS

Japan seeks price solution on steel

TOKYO, Nov. 8. THE ODDS are swinging towards a settlement of the Japan-U.S. steel dispute by an adjustment of prices rather than by voluntary restraint of exports on the Japanese side.

NEWS ANALYSIS Scramble for world railway projects

By Ian Hargreaves and Hugh O'Shaughnessy. THE MEXICO CITY suburban rail project is very much the biggest on the horizon for the world railway industry and as such it is no surprise that 15 international groups representing 55 companies have so far put in their presentations.



The British Metro Group design for the Caracas Metro.

also point to its major involvement in a \$150m. railway contract with Brazil. To the credit of both British companies, their work on these projects appears to have met time and price requirements.

EEC urges lower target for shipbuilding

TOKYO, Nov. 8. A FIVE-POINT declaration on shipbuilding problems, presented at today's opening session in Tokyo of the OECD's Working Party Six to the EEC delegation.

Call for EEC move on knitting

By RHYS DAVID, TEXTILES CORRESPONDENT. British knitting industry by women of jeans and other trouses.

Fin talks on Polish deal

ROME, Nov. 8. THE Berlin-based Fiat group is negotiating with the Polish Government for the construction of a second assembly line at its Bielskoblaza car plant in Poland.

Yugoslavia to borrow \$28m.

BRUSSELS, Nov. 8. THE European Investment Bank (EIB) the EEC's long-term investment arm, has announced its first loan to Yugoslavia, following last year's decision to lend up to \$50m.

Aerosols in Iran

Aerosols International, a member of the Cadbury Schweppes Group, which has plants at Bracknell and Wellington, Somerset, has won a £2.5m. order for aerosol insecticides for Iran.

Dowty in U.S.

Through its U.S. subsidiary Dowty Corporation, the Dowty Group's mining division has won a \$1m. order from the Kentucky Carbon Company.

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Employment Service Agency

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Dubai may seek new loan for dry dock

Our Own Correspondent. DUBAI, Nov. 8. DUBAI is seeking more money for the giant three-month dry dock construction project.

Call for EEC move on knitting

By RHYS DAVID, TEXTILES CORRESPONDENT. British knitting industry by women of jeans and other trouses.

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JOBCENTRE MSC Manpower Services Commission Employment Service Agency. Through its U.S. subsidiary Dowty Corporation, the Dowty Group's mining division has won a \$1m. order from the Kentucky Carbon Company.

HOME NEWS

Bakers seek 2 1/2p rise on loaf

By Elinor Goodman, Consumer Affairs Correspondent

THE main baking groups have given advance warning of another big price increase for bread early next month unless the Price Commission intervenes.

Associated British Foods has told the Commission that it wants to raise its prices by about 2 1/2p a loaf.

Under the old system of price controls, which ended in July, the bakers were entitled to raise their prices as long as they could show that their costs had gone up in line with the very tight rules laid down under the former Price Code.

Under the new system, there is no such guarantee that prices will be allowed to rise because costs have increased.

Mr. Charles Williams, chairman of the Commission, has made it clear that he does not want it to get bogged down in investigating the kind of prices which in the past have attracted the attention of price monitoring bodies.

Bread, which has been examined by the Monopolies Commission and the Prices and Incomes Board, is still the subject of a statutory maximum price order.

Mr. Williams is interested in price leadership. In the bread industry, all the bakers tend to put their prices up at the same time.

ABC result, Page 15

British car makers lose more ground

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

BRITISH CAR manufacturers have sold about 60,000 fewer cars in the U.K. this year than in the first ten months of 1976, in spite of a general improvement in the market of almost the same amount.

The figures, contained in the analysis of registrations by the Society of Motor Manufacturers and Traders, indicate that imports will end the year with well over 40 per cent. of the U.K. market, and probably as much as 45 per cent. against about 36 per cent. last year.

This reversal for U.K. produced vehicles is partly a sign of the increasing internationalisation of the industry. All the big four British manufacturers—Leyland, Ford, Vauxhall and Chrysler—are now assembling and importing them to the U.K. in greater numbers than ever before.

Last month, for example, Leyland sold 306 Allegros produced at its Senneceles plant in Belgium, and Ford is now manufacturing Escorts for sale in the U.K. in three locations—at Dagenham on the outskirts of London, in West Germany and in Eire.

At the same time, U.K. car production has failed to keep pace with the increase in demand this year in spite of accurate forecasts of the market at the beginning of the year.

Preliminary production figures published by the Department of Industry yesterday show that car output slipped back again last month after an encouraging recovery in September.

Recorded production was 105,000 units against 141,000 in the same month last year. The Ford Escort was second in the league put has slipped in the past three months by 4 per cent. to 109,000 cars, against 114,000 in the previous quarter.

The figures show that U.K. car production could be lower this year than last unless there is an unexpectedly strong spurt in the next few weeks.

Among the importers, improvements have been registered in the first 10 months by all trading blocs except the EFTA group.

Sales of cars from countries have gone up from 18,900 in 1976, from EEC countries from 271,000 to 360,000 and from Japan from 108,000 to 127,000. Sales of EFTA-produced cars dropped from 20,000 to 18,000.

Ford, now back at the top of the U.K. market with a 30.3 per cent. share last month, achieved the best individual car sales (11,858 registrations). The Ford Escort was second in the league put has slipped in the past three months by 4 per cent. to 109,000 cars, against 114,000 in the third with 4,335 registrations.

Table with 4 columns: Year, October, 10 months ended October, %

£20m. aid scheme for drop forging

BY ARTHUR SMITH

DETAILS OF a Government scheme designed to invest £20m. in new capital into the drop forging industry were announced yesterday.

Mr. Alan Williams, Minister of State for Industry, said in the Commons that financial assistance totalling £20m. will be offered to encourage modernisation and to raise productivity in the industry.

Drop forging, with 25,000 workers and an annual turnover of £350m., is a key supplier in most industries, particularly engineering.

The scheme has been drawn up within the context of the Government's overall industrial strategy, which is aimed at removing bottlenecks to any upturn in output.

Drop forging has suffered from low profitability. More than one-third of the existing plant is more than 20 years old and is in need of replacement.

The assistance is geared towards the 90 or so smaller companies within the industry which supply up to 20 per cent. of the total output.

Big companies qualify for assistance under the Government's selective investment scheme.

Grants will be offered in the form of a 25 per cent. contribution towards the cost of plant and equipment, 20 per cent. towards buildings, and 50 per cent. for consultancy fees, aimed at raising productivity.

Go-between 'paid £1m. in tanks deal with Iran'

BY ARTHUR SMITH

COMMISSION of £1m. on a Chieflain tank deal with Iran was paid to a go-between two years before he was knighted, Sir Shapur Reporter in the Birthday Honours of 1973, it was alleged at the Old Bailey yesterday.

Details about the £100m. contract which represented a breakthrough for the British Defence Ministry's sales team, were given by Sir Lester Suffield, former British Leyland executive, who was with the car group before taking up a Whitehall post.

Sir Lester, head of the Defence Ministry's sales organisation, from 1982 until he retired last year, said that it was set up largely on the recommendation of Lord Stokes, former British Leyland chief, after the Powden report.

Sir Shapur played such a big role in Iran that the car group's executives must have known of his involvement in the deal, he said.

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£10m. for two urban projects

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

MORE DETAILS of the Government's inner city development programme, likely to cost £10m. over the next decade, were announced yesterday by Mr. Peter Shore, Secretary for the Environment.

Mr. Shore announced the creation of city partnership areas in Newcastle/Gateshead and Hackney/Islington to add to those already announced in Liverpool, Birmingham, Manchester/Salford and London (Lambeth and Docklands).

The partnerships involve the co-operation of national Government departments and local authorities in urban redevelopment programmes, backed by central Government funds.

The two new partnerships will receive £5m. each for inner city construction works.

Mr. Shore said that at least £1m. will be allocated in 1978-79 to each of the partnerships for such things as minor environmental works.

The number of seats filled on the low-fare, no-frills service operated from Gatwick has increased steadily from an average 73 per cent. in the first week to 97 per cent. in the sixth.

The average over the period was 82 per cent.

The airline's 345-seat DC-10 service has carried a total of 12,624 passengers to New York and 11,674 in the reverse direction on the daily return service.

The rival cheap Stand-by and Budget Plan flights offered by the scheduled airlines from Heathrow to New York also continued to do well.

British Airways said that seat sales had been up to full allocation over the whole period.

British Leyland were no strangers to the whole apparatus of commission payments in the Middle East because it was part of general commercial work.

It was possible that he had seen two years before he was knighted, had been getting commission on contracts which the British Government had with the Iranian Government.

Sir Lester said that it was set up largely on the recommendation of Lord Stokes, former British Leyland chief, after the Powden report.

Sir Shapur played such a big role in Iran that the car group's executives must have known of his involvement in the deal, he said.

Skytrain makes £284,000

BY DAVID FREUD

LAKER AIRWAYS' Skytrain service to New York has proved more successful in its first six weeks of operation than all but the most optimistic forecasts.

Mr. Freddie Laker, chairman of the airline, said yesterday that net profit over the period was £284,000.

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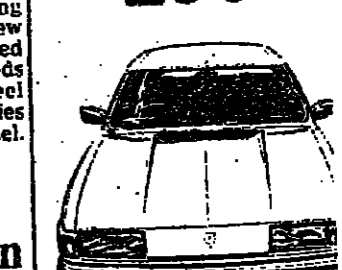
The new Rover Tradition. The Rover 2300



The car that combines all the benefits of the Rover tradition with exceptional value for money. A new 123 bhp 6-cylinder engine with 4-speed manual gearbox and the option of 5-speed automatic. Other options include power steering, Denovo wheels and tinted windows.

£5351.41 Recommended Price

The Rover 2600



The central car of the new range, including many of the award-winning features of the 3500. Also standard are a self-levelling suspension system, full instrumentation and colour matched seats and fascia. The standard 5-speed gearbox is linked to a smooth, rugged 130bhp 6-cylinder engine. Options include automatic transmission, power steering, power operated windows and Denovo wheels and tyres.

£5799.69 Recommended Price

The Rover 3500



The car that set the standard for the new Rover tradition and won all Europe's major awards for safety and excellence. A 155 bhp V8 engine with electronic ignition, power steering, tinted electrically operated windows, push-button radio and stereo cassette player, and a central door locking system are just some of the luxury features fitted as standard.

£6800.0 Recommended Price

The Rover 2600



The car that set the standard for the new Rover tradition and won all Europe's major awards for safety and excellence. A 155 bhp V8 engine with electronic ignition, power steering, tinted electrically operated windows, push-button radio and stereo cassette player, and a central door locking system are just some of the luxury features fitted as standard.

£6800.0 Recommended Price

WANG advertisement featuring a man in a suit and a computer terminal. Text: 'We make the computer you need but thought you couldn't afford. If your turnovers more than £1/4 million you want Wang.'

WANG advertisement text: 'Most companies with turnovers between £1-million and, say, £5-million are only just recognising the benefits of an in-house computer. Wang make one that they can not only afford but could also save them money, especially if they're currently using a bureau-with its limitations on time and capacity.'

Debate grows on scheme to split Post Office

BY JOHN LLOYD

IT IS a little under four months since Mr. Charles Carter, vice-chancellor of Lancaster University, threw the report into the limelight.

The selection gives us an insight into the various debates now being carried on about the corporation.

The most dramatic of the Carter Report's recommendations was that the Post Office should be split into two separate businesses, one for posts, the other for telecommunications.

The evidence, and which bodies are deploying them, is that the Post Office, supported by the Post Office Engineering Union and the Civil and Public Services Association, argues strongly in favour of the split.

The Post Office Workers' Union, supported by the Society of Civil and Public Servants, and the Consumers Association, are also in favour of the split.

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STC-supported by IBM (U.K.) and the Telephone Users Association—also argues for a private market in subscriber apparatus and in maintenance of that apparatus.

Since this evidence was submitted, there are signs of a strong lobby building up among suppliers—spearheaded by IBM and its rival IIT (STC's parent company)—to de-nationalise parts of the telecommunications monopoly.

All the suppliers are trapped by the same dilemma of having an over-particular major client. The Post Office is under powerful pressure to change its telecommunications policy to accommodate some of these straws.

A large part of the Carter Report was devoted to arguing that the Post Office should be more market-oriented, and that it should introduce short-run marginal cost pricing into its operations, allowing it to price jobs at the local level efficiently and competitively.

Much of the argument has been based on the evidence supplied by the Mail Users' Association.

The Association argues that "a firm pricing X items in 1975-76 would be given a discount on a marginal cost basis for pricing Y in excess of X in 1976-77. This discount would not be the incentive postings, as it now the case, but to increase them."

Mr. Carter accepted these arguments because he believed that the Post Office "shelters" behind Section 11(4) of the 1969 Post Office Act, which entitles the Post Office not to be discriminated in its pricing policy.

His view of his own report was that its main purpose was to counter the telecommunications monopoly coverers of the Corporation with built-in requirements to be competitive.

Accepted

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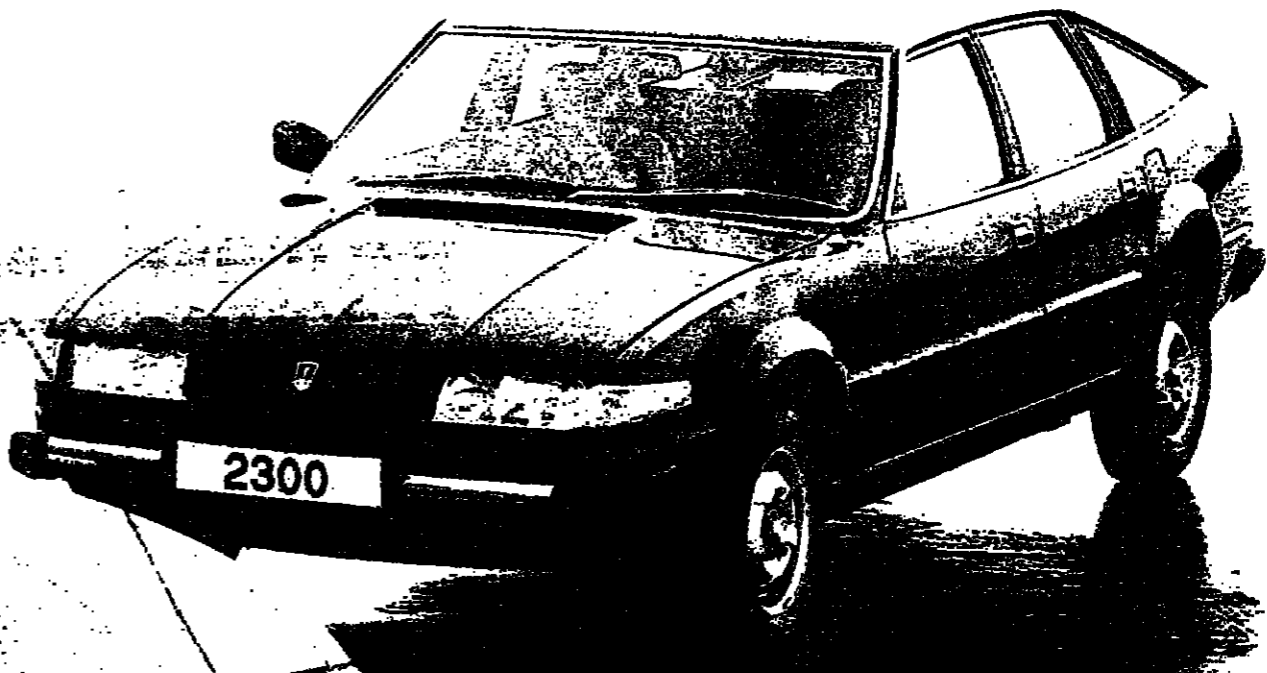
مكاتب الأصيل

November 1980
The Rover Tradition
The Rover 2300
£5350
The Rover 2600
£5790
The Rover 3500
£6800

Your chances of owning a new Rover have just doubled.



The new Rover 2600



The new Rover 2300

Dreaming of a new Rover 3500? It's time you stopped. Leyland Cars announce two new models, the Rover 2300 and the Rover 2600. Now there's a real opportunity for you to own one of the country's most desired cars at an even more reasonable price.

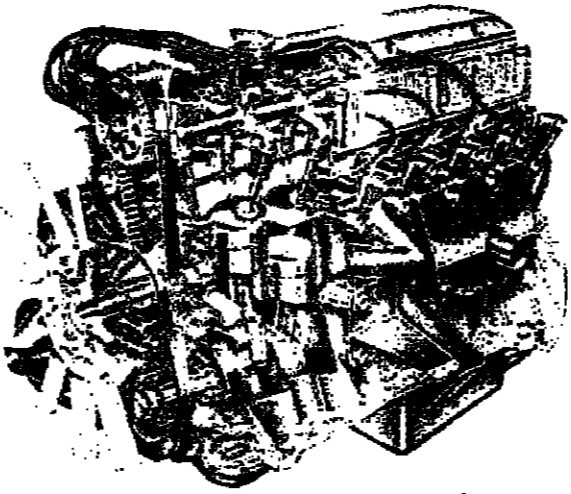
The new Rovers share the same, aerodynamic, fuel-conscious styling as the 3500. Inside, there's the same astounding roominess and equally meticulous level of appointment. Rover's award-winning attention to safety is here, from general design to smallest detail.

And the two new Rovers feature completely new six cylinder in-line engines

rigorously tested over hundreds of hours and thousands of miles. They deliver exhilarating power through a 5-speed manual gearbox in the 2600 and a 4-speed version in the 2300, with an automatic option on both.

Power with economy—a 2600 in the right hands should match Motor's performance figures of 0-60 in 9 seconds, a top speed of 117.8 mph and a touring average of 27.8 mpg.*

The Rover 3500 opened a new world of motoring. The new Rover 2300 and 2600 open that world a lot wider. See them at your Rover showroom.



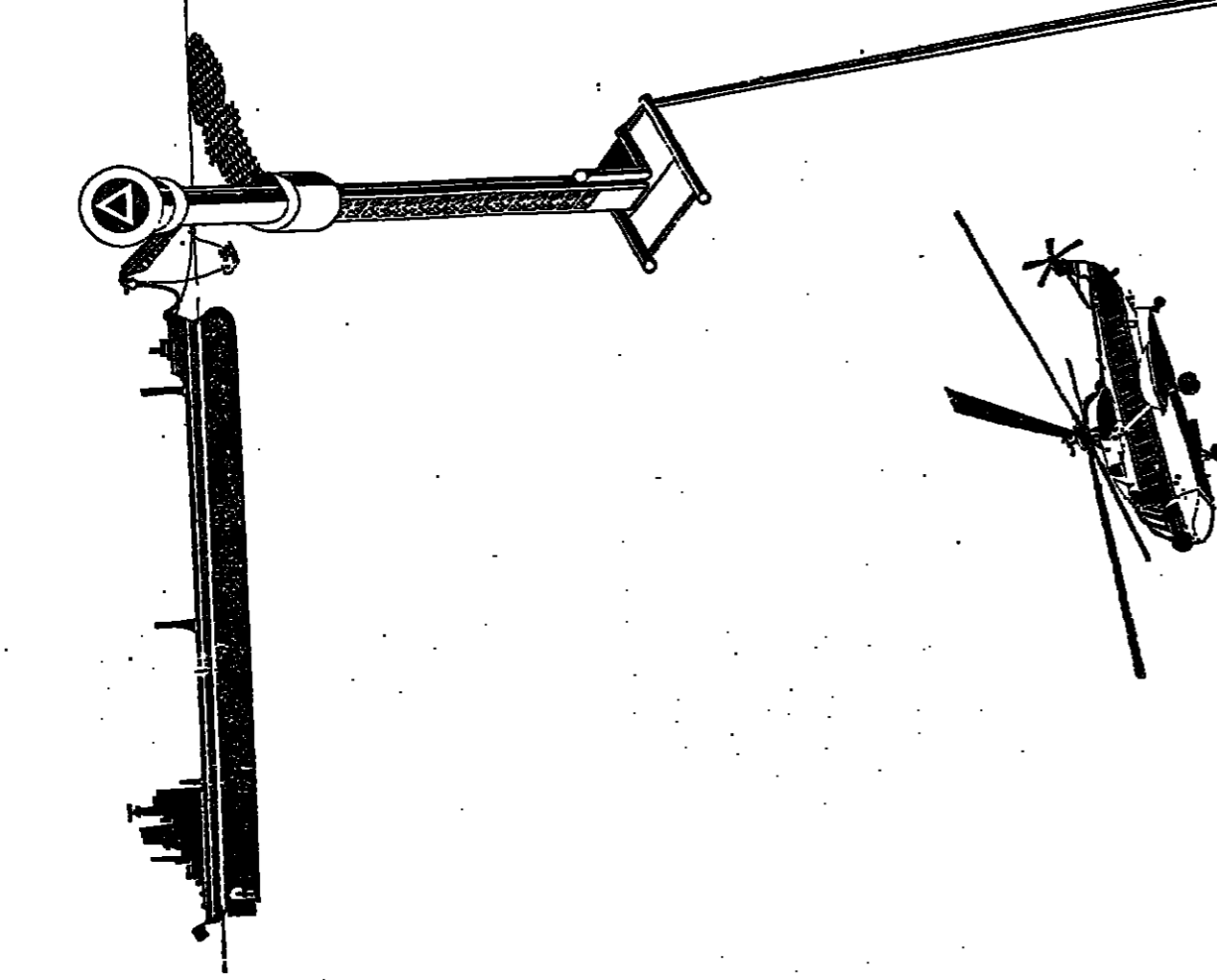
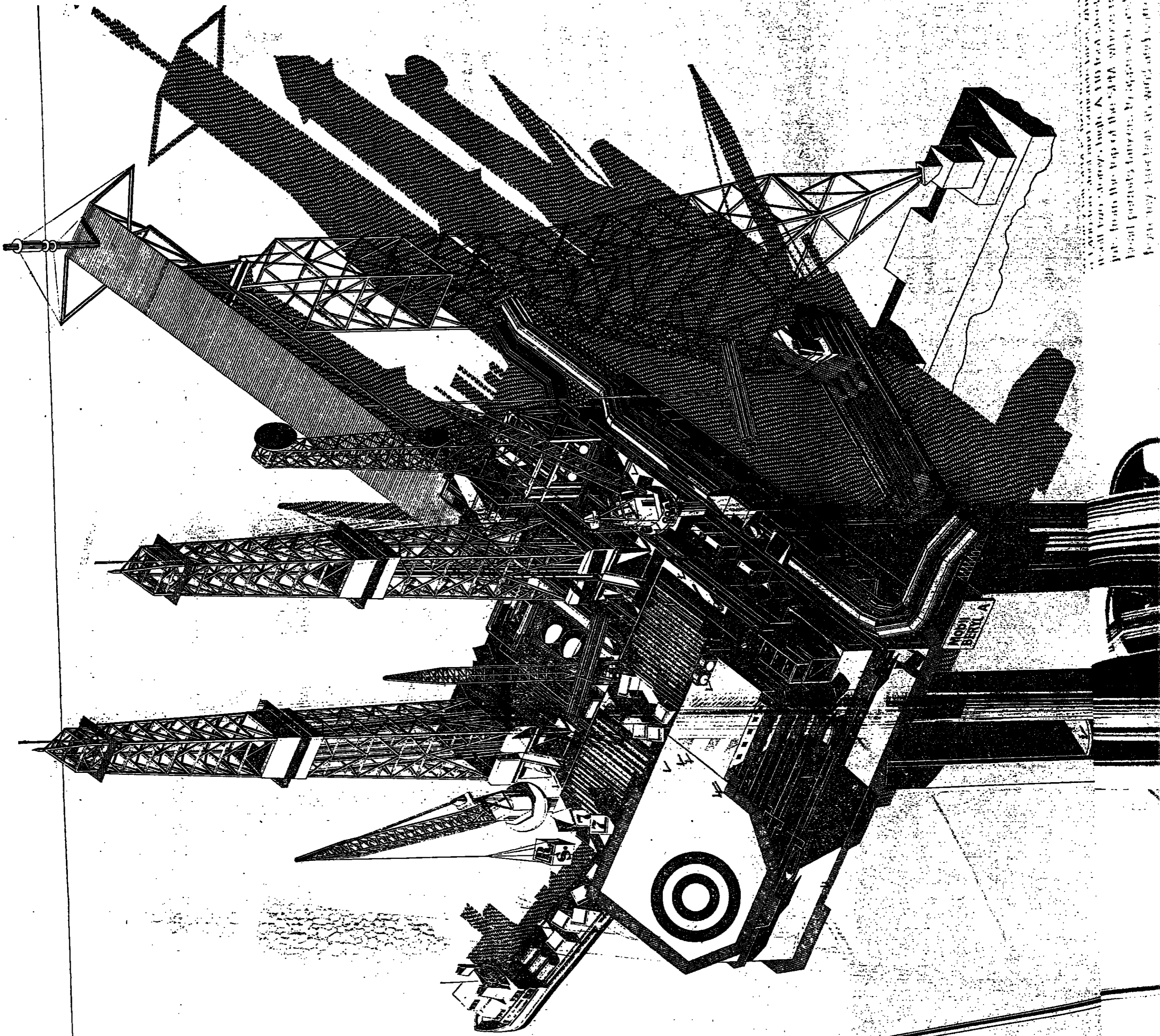
A new source of power.

Both the 2300 and 2600 engines feature overhead camshafts, aluminium alloy cylinder heads using a cross-flow, slant valve configuration, based on an Award winning design. The viscous-coupled cooling fan and the unique Inlet Air Temperature Control systems help to maximise the fuel economy of these quiet and efficient engines.



From Leyland Cars. With Supercover.

*Motor magazine. Car tested 2600 manual.



مركز من الأجيال

**"Beryl really is
enough to make
your head spin."**

*... you have to see the platform to
of the whole to get a picture of the platform. To
complete the illusion. However, you must look
... the whole to get a picture of the platform. To
complete the illusion. However, you must look*

*... you have to see the platform to
of the whole to get a picture of the platform. To
complete the illusion. However, you must look*

enough to make

sitting higher than the Post Office Tower atop three giant concrete columns. And picture also around the base of the columns, a cluster of storage tanks large enough to fill Ploceadilly Circus — and taller than a 16-storey building.

You have now grasped the basic outline of the Mobil Beryl A producing platform. To complete the illusion, however, you must finally imagine the structure immersed in water for three-quarters of its height.

The Beryl platform rests on the sea bed, 95 miles southeast of the Shetland Islands, over an estimated 400 million barrels of recoverable oil. It touched down on the sea floor on July 9, 1975 — three years after a rock chip broken away by the drill bit told Mobil geologists there was oil in Block 9/13.

The interval between these two events was taken up with assessing the significance of that first trace of oil, and designing and building the facilities necessary for its recovery.

The platform's massive concrete legs are hollow; 20 wells each will be drilled through two of them from derricks on the main deck. Ten of the wells will be used for the injection of gas and sea water into the formation, maintaining the pressure needed to keep oil flowing toward the 30 producing wells, and promoting efficient oil recovery.

The Beryl discovery well is connected to the platform's producing system by a pipeline along the sea bed. It was drilled from a floating rig three years before the platform was installed, and now produces through a remotely-controlled subsea system incorporating several important technical innovations.

To operate, equipment on the platform requires electrical generators capable of supplying the domestic requirements of a city the size of Plymouth. Other facilities separate gas from the oil and compress the gas for injection back into the field. Up to 300 men have been temporarily housed on the platform during the final stages of construction and the start of drilling. Under normal operating conditions the platform will house about 200 men on 12-hour shifts. Duty tours are 14 days on and 14 days off.

Standard quarters in the accommodation section of the platform have been designed for two-person occupancy, with private toilets and showers. Catering and housekeeping services are provided by independent organisations under contract to Mobil.

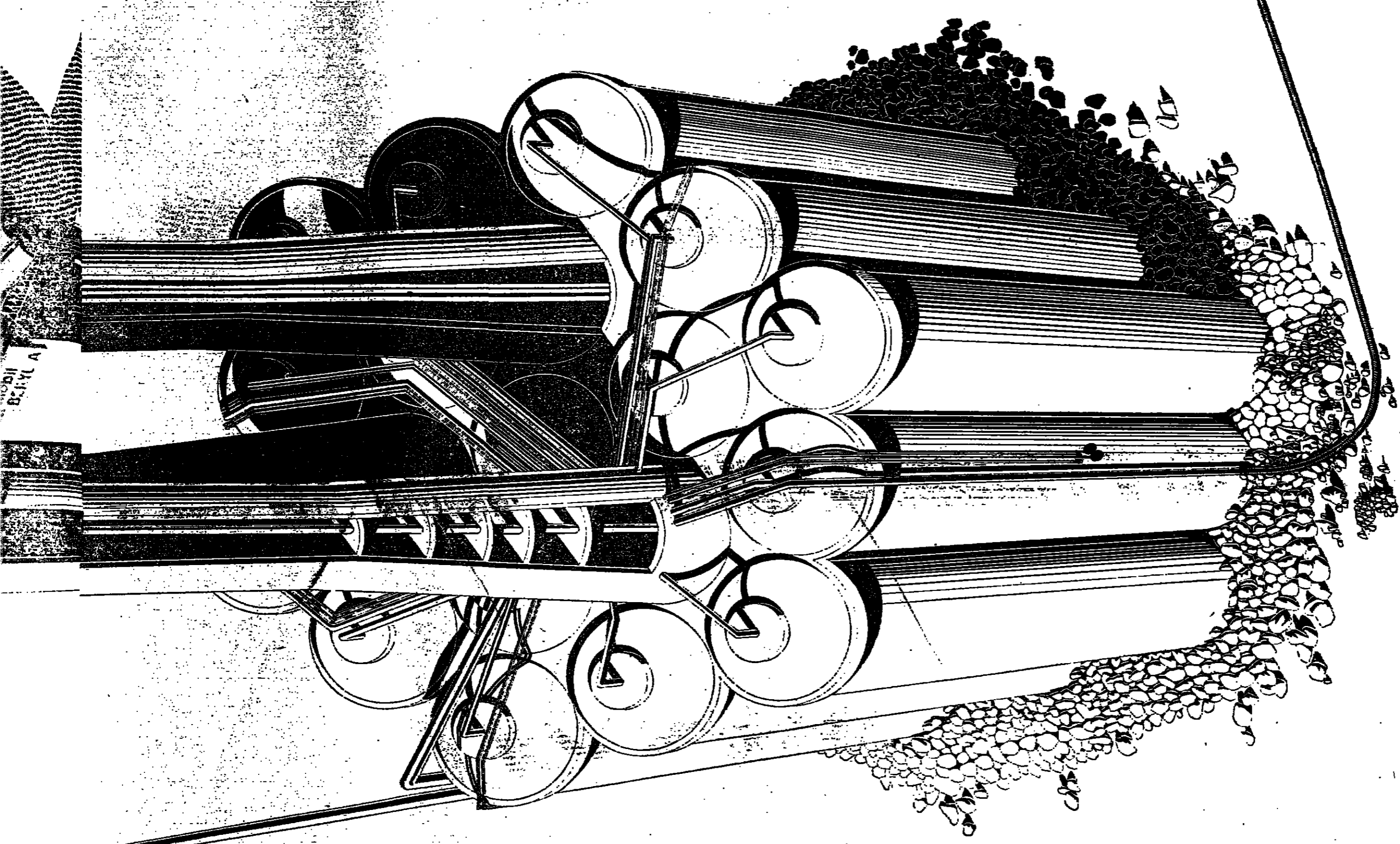
installation of its type, so the mile-distant Single-Point Mooring (SPM) is the first such tanker loading facility to come into service. The 50-storey tall SPM is fixed to the sea bed by a 1,400-ton steel and concrete base, which is itself two storeys high. A 10-foot steel boom juts from the top of the SPM, whose rotating head permits tankers to approach and moor from any direction, as wind and current dictate.

Oil from the Beryl platform's 900,000 barrel capacity storage cells is pumped through a 32-inch diameter submarine pipeline into the base of the SPM, and thence through a 16-inch hose into the waiting tanker. Two specially-designed tankers shuttle between Beryl and refineries in the U.K. calling at the tower on an average of one every five days. The 600-foot 'bridge' off one side of the Beryl platform, its outer end supported by a concrete base resting on the sea bed, carries a standby gas flaring system.

Safety, environmental safeguards, personnel comfort and operating efficiency were given the highest priorities during every stage of the design and construction of the Beryl complex. Of prime importance was the ability to withstand the severity of a North Sea winter. Experience has shown that it can.

"The platform was built to weather 100-foot seas and 120 mile-an-hour winds", says Byron Sims, Mobil's exploration and producing manager for the North Sea. "In January 1976 we had 95 mile-an-hour winds and it was no different from being in an office".

Not quite, however. There are few, if any, office blocks in the world whose cost can match the £200 million cost of the Beryl complex.



Mobil

Mobil is a service on North Sea operations. For more information, contact: Public Affairs, Mobil North Sea Limited, Mobil Court, 3 Clements Inn, London WC2A 2EB



HOME NEWS

LABOUR NEWS

Sea oil output below forecast

By Ray Dafter, Energy Correspondent

NORTH SEA oil production is expected to be 38m to 39m tonnes this year, against the 40m to 45m tonnes predicted by the Department of Energy's Brown Book on offshore progress, published last Spring.

£8m. signal system ordered

By David Freud, Industrial Staff

AN £8.1m. contract for a signalling system between London and Bedford on the London Midland Region has been won by Westinghouse Brake and Signal Company.

Coal stock levels worry merchants

By John Lloyd

COAL MERCHANTS are concerned about the levels of supplies of domestic coal, both at the pithead and in their own yards. Some say that they will be lucky to get through the winter without serious shortages.

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Demand

Mr. Ron Matthews, secretary of the Merchants' Federation, said yesterday: "At the end of the summer, merchants have been taking as much as they can get—but it's all going out to meet the growing demand."

Texaco plans £400m. investment in U.K.

By Ray Dafter, Energy Correspondent

TEXACO, a major U.S. oil group, is planning to invest more than £400m. in Britain over the next few years. The company showed yesterday that it had responded to the Department of Energy's intention to speak in favour of Government North Sea policies.



MR. MAURICE GRANVILLE, Texaco chairman

Mr. Maurice Granville, chairman and chief executive of Texaco, said in London yesterday that the Tartan development might represent the biggest single investment project in the company's 75-year history.

closed that it plans to carry out further drilling. In the 12 months to September 30, Texaco invested \$856m. (£475m.) worldwide in oil and gas exploration and production.

Mr. Granville said that the company's largest source of crude oil remained the Middle East, in particular in Saudi Arabia where Texaco had an 11.73 per cent share of reserves in the Aramco concession area.

Texaco has ordered two more production units for its Tartan Field. William Press Production Systems has won a contract, believed to be worth more than £3m., to build two prefabricated modules which will be installed on the platform.

Chemical expansion proposal queried

By Kevin Done, Chemicals Correspondent

THE GOVERNMENT'S ambitious plans for expansion of the petrochemical industry based on the use of North Sea feedstocks have been strongly questioned by BP Chemicals.

Mr. Nigel Champion, BP Chemicals finance and planning director, said yesterday: "North Sea natural gas liquid feedstocks will not provide a basis, as some think, for a whole generation of new chemicals."

Blue Circle may build £45m. cement plant in Ulster

By OUR BELFAST CORRESPONDENT

THE BLUE CIRCLE Group is drawing up plans for a new cement works in Ulster—costing perhaps £45m.—to replace an existing plant which has been unable to meet demand.

Mr. Granville said that Texaco was aiming to become a substantial player in the North Sea oil production. Apart from Tartan and its 24 per cent stake in the Argyll Field, oil and gas had been discovered in four other blocks in which Texaco had a stake.

Texaco would like to see all oil and gas prices freed from controls. We believe that the best decisions can be made by free enterprise and the market place.

Charter airliner shortage may hit package companies

By ARTHUR SANDLES

LISBON, Nov. 8.

BRITAIN'S package tour companies may not be able to handle the demand for holidays in the peak season of next year because there are not enough charter aircraft to handle a big revival in the market.

Meanwhile Cosmos Tours, Britain's second largest package tour company, has added a new dimension to the guarantee war by guaranteeing that all its summer holiday flights next year will be advertised—whether there are bookings or not.

one passenger turns up we will be obliged to fly. They will be no consolidations of flights or alterations to improve passenger loads if any departures appear to be uneconomical.

M1 decision criticised by Road Federation chief

By ARTHUR SANDLES

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THE GOVERNMENT was attacked last night for paying more attention to the results of public questionnaires than the voices of local government and industry regarding road plans.

He said that four out of five authorities favoured a particular route and they also had the backing of the Confederation of British Industry and a majority of other representative bodies.

pure lunacy of public participation. He said that four out of five authorities favoured a particular route and they also had the backing of the Confederation of British Industry and a majority of other representative bodies.

Over-capacity

By OUR BELFAST CORRESPONDENT

ON THE general future for petrochemicals, Mr. Champion said the growth of base petrochemicals might be 6 to 7 per cent for the next five years or so, compared with perhaps 5 per cent a year a decade ahead.

More IRA store bombs feared

By Christopher Dunn

SCOTLAND YARD is expecting a possible resumption of IRA store bombs in stores in Britain after the discovery of 40 small incendiary bombs in Ulster in the past fortnight.

Strike hits Gatwick

By ARTHUR SANDLES

IMMIGRATION AND customs were disrupted yesterday because of a half-day strike by members of the Society of Civil and Public Servants.

High jobless rate likely for five years

By PAULINE CLARK, LABOUR STAFF

THE GOVERNMENT'S strategy for boosting industrial productivity and investment is unlikely to change the prospect that relatively high unemployment will continue for another five years.

In its latest call for a national debate on the problem, the commission clearly expects a tough struggle to keep pace with the number of young people entering the labour market and the increasing demand for jobs by women.

Aerospace democracy plans approved

By Our Labour Editor

A FOUR-TIER structure of worker-management councils is the newly nationalised aircraft industry to approve the answer to industrial democracy in the industry.

The councils, at factory, division, group and national level, will be consultative, but on one day provide the basic genuine joint control of a factory.

Journalists' pay dispute again stops Mirror

By OUR LABOUR STAFF

THE Daily Mirror and Sporting Life were not printed again in London last night because of a 10-day pay dispute by journalists.

Managers' union ready to take court action against ACAS

By CHRISTIAN TYLER, LABOUR EDITOR

A TUC union threatened yesterday to go ahead with its inquiry under Section 11 of the Employment Protection Act (the same procedure at issue in the Grunwick case). It was confident that ACAS would have to find for the EMA, despite the TUC disputes committee.

Shipyard men go on strike

By ARTHUR SANDLES

MORE THAN 2,000 workers at the underlying shipyard of Austin and Leekers today began a two-day strike yesterday in support of a claim for a pay incentive scheme.

Local decision

A meeting on Monday of 130 union representatives of the 22 aircraft plants and an interim report in London last night, was being held.

Seamen turn down 10% pay offer

SHIPOWNERS YESTERDAY offered the 34,000 merchant seamen a pay deal of 10 per cent on earnings in 1978, an increase in basic pay together with improved fringe benefits.



Sir Douglas Kader (left) and Sir Peter Vaneek, Lord Mayor-elect of London, pictured yesterday opposite St. Paul's Cathedral with a Fleet Air Arm Seaforce. Sir Douglas, World War Two fighter ace and now Honorary Inspector-General of the Royal Auxiliary Air Force, was in London to launch a £2m. appeal for the Battle of Britain museum being built at Heaton.

كردمان الاصيل

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHMIDT

Processes Old tyres converted fuel and scrap

READ of posing a major disposal problem or lying in unheaped piles around the country, scrap tyres could provide a portable raw material for a process which has as its end-product a useful fuel oil, carbon with good heating properties, high-grade steel scrap for re-rolling, and a high-purity oil char and scrap.

Operates in a vacuum

CONTRACT vacuum processing is being significantly advanced by the Torvac Group centres in Cambridge, Midlands and Shropshire. The techniques offered are heat treatment, vacuum annealing and electron beam welding and an overnight service can be offered on most tasks, though a 72-hour turnaround is available.

COMPONENTS Stirs it all up

SOLVENT-FREE paints made of epoxy, polyurethane and polyester resins are, because of their high viscosity, much harder to stir than solvent-based ones. As they are usually heavily pigmented, there may be hard sediment to incorporate. Stirring these materials by hand is not only laborious but in some cases impossible because not sufficient shearing action is available to break up the sediment.

POLLUTION Removes the fumes

LABORATORY personnel within the research division of Beecham Pharmaceuticals were concerned by various sources of pollution escaping into the laboratory atmosphere. They identified a requirement for equipment to be employed in existing laboratory situations which would scavenge the polluted atmosphere local to its source and duct it outside or into the ventilation system.

METALWORKING Circular saws cut metal

MADE BY the Oliver Machinery Company, Inc. of Grand Rapids, Michigan, U.S.A., a range of six heavy duty circular saws for cutting metals is now available in the U.K.

TRANSPORT Trailer kept clear of the ground

AT THE Scottish Motor Show in Glasgow this week, Craven Tasker is to demonstrate a new 38-tonne low loading road trailer with an "elevating neck" which will enable the vehicle to pass over very uneven ground and hump-back bridges without "grounding".

INSTRUMENTS Temperature sensors

THE 8000 Series of low-cost, hand-held, digital thermometers from Havant Instruments has 12 basic models with a range of thermocouple and resistance sensors. Overall temperature capability for the series extends from -150 degrees Centigrade to 1,750 degrees Centigrade.

ELECTRONICS Sound taped by digits

WORKING directly with the Music Division of 3M in the U.S., the BBC and the American company have developed a practical system of recording audio signals on tape digitally.

TEXTILES Spills will not spoil the carpet

BARRY STAINES has developed a dual purpose nylon stitch bonded carpet claimed to have the non-absorbent properties of a smooth floor covering.

CONFERENCES Talks on the micro

IN September next year the Institution of Electronic and Radio Engineers is to provide a forum for discussion of the recent advances in the technology and applications of microprocessors.

AGRICULTURE Harvesting green crops

LATEST equipment from Claas for green crop handling and harvesting are a loader wagon and a mower.

FOR SALE

STANDBY GENERATORS

75-1,000 Kva

Caterpillar, GM, Cummins

Delivery by air 5-7 days

Telephone (0584) 2101 or 7251

Telex 35418

Talk to Burroughs about small computers that provide large system benefits.

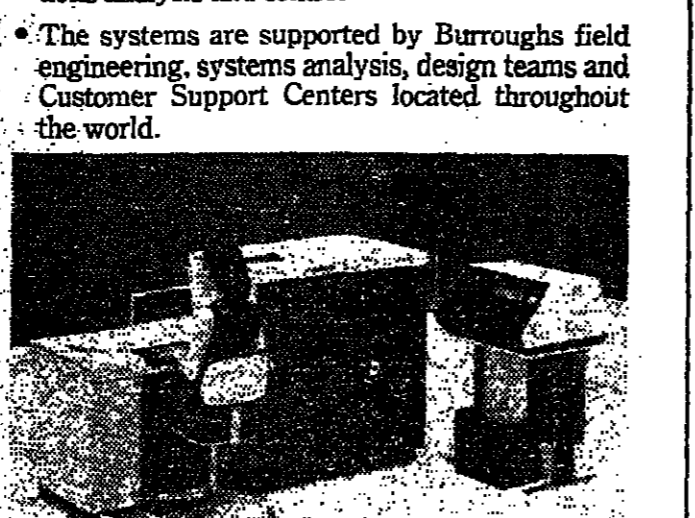
They can do a lot for your organization!

- These systems are the smaller members of Burroughs "800" family of computer systems, a family which extends all the way to the very large B 7800. However, the B 80 and B 800 are designed to uniquely meet the needs of both the smallest and largest organizations.
- Should your needs grow further, you can change your system and continue to use the high-level programming languages as on the B 80 and B 800. This commonality also extends to operating procedures, and together they contribute to Burroughs consistently maintaining high customer loyalty.



B 80

- The B 80 and B 800 satisfy larger organizations seeking to decentralize or distribute data processing power within their operations. Reports are available for immediate action at local or regional levels and, through data communications networks, headquarters management can receive the information needed for overall operations analysis and control.
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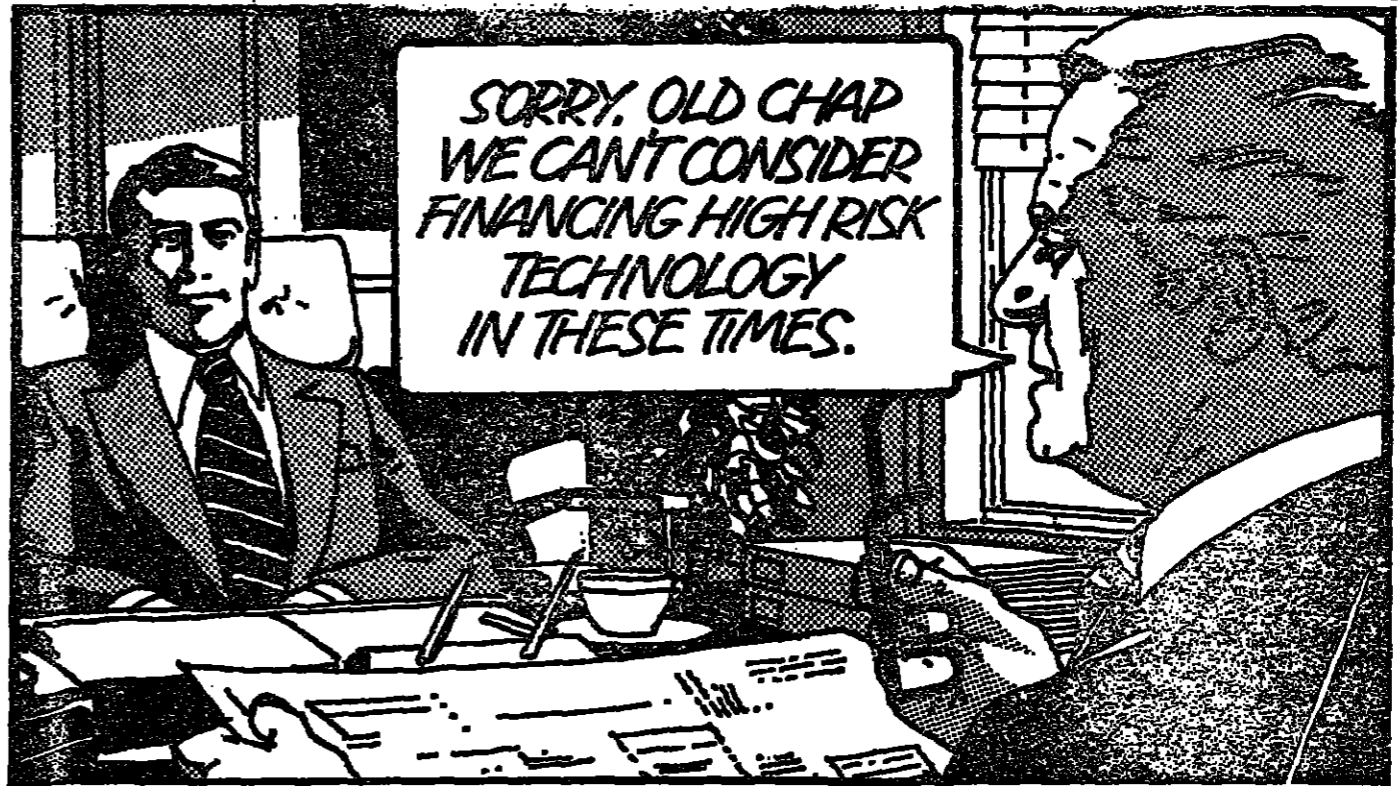
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PARLIAMENT and POLITICS

PM says country backs pay policy

By Ivor Owen, Parliamentary Staff

WITH CONTINUING support from the general public, the Government's policy of securing moderation in wage increases can succeed, the Prime Minister told the Commons yesterday.

"I think the power workers have recognised the force of public opinion in this matter," he declared.

Mr. Callaghan underlined his determination to secure the widest possible backing for the Government's stand against inflationary settlements by commenting at one point: "I do not reject or spurn any allies."

He nodded in appreciation when Mr. Robin Corbett (Lab., Hemel Hempstead), told how one of his constituents, paralysed from the neck down and dependent upon electricity to sustain his life, had urged the Government to "stand firm" against the power workers.

The Prime Minister said he was aware that many who suffered as well as the general public, were in favour of broad acceptance of the general guidelines for moderate increases in pay and earnings this year.

"The Government will adhere to this policy as long as it can maintain public support. Without public support, we cannot succeed. With it, I believe we can and we shall endeavour to do so."

After referring to the effect of public opinion on the power workers, Mr. Callaghan said he hoped that those responsible for the unofficial action, their union, and the Electricity Generating Board would get together to iron out whatever difficulties there might be.

But the outcome would have to comply with the guidelines which he hoped would be accepted by all.

Emphasising his readiness to welcome support from all quarters, the Prime Minister stated: "I believe that so far the country is standing together on this issue."

"Everybody has got his own particular interest. But we are an interdependent society. Practically everybody now is a key worker, whoever he may be."

THE PRIME MINISTER stood by his assertion last week that the family man with two children, on average earnings, was as well off now as at the last general election.

He was challenged by Opposition leader, Mrs. Margaret Thatcher to take back his remark. "We all know that it is just not true," she said.

Mr. Callaghan said he knew living standards had fallen during the past year.

"The statement I made last Thursday is exact in every particular, I have had it checked."

"Our task, as a House of Commons and a country, is to mobilise the general will against a particular interest."

Mr. Fred Silvester (C., Withington) was rebuked by some of his colleagues on the Opposition benches when he suggested that those employed in the public sector who had accepted wage settlements in accordance with the Government's guidelines, should be entitled to a "scoop" of the cherry in whatever extent the increase secured by the miners exceeded 10 per cent.

The Prime Minister pointed out that the period covered by the miners' last settlement did not expire until the end of February or the beginning of March. It would be wrong to anticipate anything at the present stage.

He went on to stress the importance of the voluntary decision of the TUC to support a 12-month interval between wage settlements as a means of securing an orderly return to free collective bargaining.

When Mr. David Crouch (C., Canterbury) protested that the Transport and General Workers Union had submitted a claim for a 42 per cent. increase for some workers in the oil industry, Mr. Callaghan reminded the House that it was not necessarily the best of the unions who put in such claims.

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Tories lose industry policy vote by 32

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

IN THE FIRST division of the new session of Parliament, the Government last night had a majority of 32 to beat off a Tory attempt to get a vote of no confidence on the Government's industrial and commercial policies.

The healthy victory came after Mr. Edmund Dell, Trade Secretary, had forecast that Britain is now heading for a period of rising living standards.

He was replying to a scathing attack by Mr. John Nott, Tory trade spokesman who claimed that nobody knew what the Government's industrial strategy was.

In one of the most swashbuckling performances seen from the Tory front bench for a long time, Mr. Nott said that the people of Britain knew that Labour MPs had been joining in with the "rabble" outside the gates of Greenwich.

When this brought Labour cries of "Twit!", Mr. Nott retorted that a twit was a Liberal who preferred his Parliamentary salary to his principles.

He accused Mr. David Steel, the Liberal leader, of being only a caretaker engaged by the Government to keep the barracks clean "until the drunken rabble arrived back from leave to plunder and rob us of our prosperity."

He told the House: "What we are really voting for tonight is the first time for a considerable period is to demonstrate that we have absolutely no confidence in the Government."

For the Government, Mr. Dell agreed that the standard of living had fallen in 1976 but said that it had stabilised and was now beginning to rise.

"We expect in 1978 a rather faster rate of economic growth than most of our industrial competitors," he said.

He argued that the rise in living standards would take place

because of economic growth expected next year and because of the expansion of our overseas earnings, which resulted from the recent rapid increase in the volume of exports.

He claimed that the Tories, during the debate, had failed to contest their total lack of a policy on industry.

In the earlier stages of the debate, the announcement that the National Enterprise Board is to set up regional Boards for the North and North-West failed to impress Labour MPs although it had been intended as a "sweetener" to encourage Northern backbenchers to drop their opposition to the Government's devolution proposals.

Suspicious Labour backbenchers asked Mr. Eric Varley, Industry Secretary, how much extra money the regional Boards would be able to disburse in the North under the new arrangements.

In reply, Mr. Varley carefully side-stepped the fact that the money for the two regional Boards would have to come out of the NEB's existing total budget.

The regional boards, under the leadership of the NEB's new deputy chairman, would draw their members from the unions, banks and industries with strong local roots. Their task would be to decide on the NEB's investment in the two regions.

They would operate fairly and competitively, as the NEB guidelines require, and provide flexible investment tailored to local needs. In particular, they could be used to assist the shipbuilding industry.

Tariff reductions call

CONDITIONS WHICH Britain sees as essential for a successful outcome of the Tokyo round of multi-national trade negotiations were outlined to the Commons last night by Mr. Edmund Dell, Trade Secretary.

There was a need for major reductions in higher American and Japanese tariffs, he said. In addition Britain wanted harmonisation of tariffs.

He also wanted to see scope for flexibility and further modifications during the second stage of the proposed ten years of tariff reductions.

Above all, we needed adequate safeguards, not just the provisions of Article 19 of GATT, which prevent Britain from taking selective action against what he terms "aggressive attack from foreign manufacturers."

Mr. Dell added: "We will want to see the U.S. come into line with the anti-dumping provisions of the existing GATT code."

"Although we recognise that they have political and economic problems, we too have political and economic problems which they must recognise."

He ducked this point and merely gave his colleagues a general assurance that he would be prepared to give them further information and that the NEB would be putting out its own statement.

He was, however, a little more forthcoming in reply to Mr. Michael Grylls (C, Surrey NW) who wanted to know what the new scheme would mean in terms of extra cost and bureaucracy.

There was sceptical laughter from the Conservatives as Mr. Varley assured him the cost would be "infinitesimal" in terms of total spending by the NEB.

Labour tactics 'suicidal for living standards'

SIR KEITH JOSEPH, shadow Industry Secretary, claimed that Government economic policies had increased householders' real spending power by only 1 per cent. per year for the last 13 years.

Socialists had no coherent analysis or understanding of how the standard of living rose or how jobs were created within the right framework.

Sir Keith said Labour had been in power for 10 of the past 13 years—a period in which Britain's productivity had risen at less than half the rate of the

Government was "bucking losers" with its subsidies and rescues. "We believe rescues and subsidies do great harm, because the hope of rescue tends to prevent companies from putting their own houses in order and creates a pursuit of subsidies in preference to a pursuit of profits," he said.

Sir Keith said that the Government should now consider turning British Leyland into a holding company, so that the viable parts could be separated out from the areas where there were heavy problems.

Call to reform union structure

BRITAIN'S "peculiarly old" trade union structure was inappropriate to modern conditions, Lord Carr of Hadley, a former Tory Employment Secretary said yesterday.

The Government must start work without delay on a radical improvement he declared, during a Lords debate on the Queen's speech.

Lord Carr said he might not wish to copy other advanced

Hint of pay bargaining for forces

MR. FRED MULLEY, Defence Secretary, surprised many Conservative MPs yesterday when he said there was no objection to the armed forces seeking trade union representation in pay negotiations with the Government.

Mr. Mulley had been asked by Mr. Edward Loyden (Lab., Garston) if he would "agree to open trade union membership and, indeed, negotiations with the armed forces on pay."

"On the other hand, I have no objection in principle to the armed forces—if they were so minded—seeking to have such representation," he said.

Sir Anthony Royle, (C, Richmond) said there was "demoralisation" throughout the forces. Some officers were having to live on social security.

Mr. Mulley agreed there was a strong feeling in the armed forces that their pay had lagged behind but pointed out that many other sectors also felt they had "very serious financial problems."

He denied that any member of the armed forces was giving the social security benefits but 10 officers and 6,000 men were drawing rent and rate rebates.

No plan to replace Polaris

THE GOVERNMENT has no plans for a successor to the Polaris submarine force, Lord Gorton-Roberts, Minister of State, Foreign Affairs, said in the Lords.

He said the present Polaris force had many years of effective life ahead of it.

Lord Brockwell (Lab.) had asked if it had been decided whether a nuclear deterrent should be maintained when the four Polaris missile submarines become ineffective in the 1990s.

Prentice displays zeal of convert

By Philip Rawstone

MR. REG PRENTICE slipped into an obviously comfortable niche at Sir Keith Joseph's right shoulder for his first speech yesterday from the Tory benches in the Commons.

The former Labour Cabinet Minister sounded as if that was always his natural political position—as indeed some Labour MPs suspected.

Mr. Prentice was greeted with a chilly silence from his former party. But the Tories punched his natural instincts of Socialism with warm cheers.

Sir Keith nodded approval of every point, which was not surprising since they closely echoed those of his own speech earlier.

For Mr. Prentice preached the cause of free enterprise with all the zeal expected of the convert.

He began by repenting his own trespasses in 1974 in failing to support Mr. Edward Heath against the miners. But finding no-one on the Labour benches ready to share his sense of shame, he attacked the motion that a Labour Government's relations with the unions were more likely to guarantee industrial peace.

"That myth has been destroyed," he declared. The Tories shouted "Heard, heard" like a hallelujah while Labour MPs listened impassively.

Mr. Prentice said he believed that the Government's policies were detrimental to industry. To the delight of the Tories, he denounced the Lib-Lab pact and warned the country not to be fooled by Mr. James Callaghan's present impotence or his political stage management.

Mr. Prentice recognised Government intervention and all its ways. "It has legislated too much, controlled too much and taxed too much," he asserted.

Freedom, initiative, hard work, innovation and just rewards. These were Mr. Prentice's new watchwords for economic salvation. They provoked only an audible yawn from the largely deserted Labour benches.

With the Tory litany falling ever more easily from his lips, Mr. Prentice moved to an evangelical climax, summoning Parliament and the people to resist the "trend towards doctrinaire Socialism" and jailing an accusing finger at the devilish Mr. Bob Cryer and Mr. Arthur Brierley.

The statistics, contained in a written answer to Mr. Hamilton, showed that the Queen's Civil List rose to £1.9m. in 1977, from £1,544,000 last year and £1,449,000 the year before.

Dr. Owen urges switch to tax self-assessment

BY RUPERT CORNWELL, LOBBY STAFF

DR. DAVID OWEN, Foreign Secretary, last night urged a fundamental switch in the British tax system from PAYE to self-assessment, as part of a broad programme to create a relevant, social democratic platform for Labour in the 1980s.

The tax reform suggestion was the centrepiece of a lengthy Fabian address covering all aspects of policy and explicitly intended to make good what Dr. Owen sees as British Socialism's loss of face and the ideological void at its heart.

As such, it will inevitably be taken as a personal manifesto from a Cabinet Minister who is clearly already a significant candidate from Labour's younger generation of moderates for the future leadership of the party.

The Foreign Secretary argued that the 1980s would probably witness an overhaul of the tax system, not only to embrace the wealth tax to which Labour was committed, but to meet the frustration of many at the system's ever-growing complexity and the tax evasion it engendered.

Self-assessment would meet this desire for greater simplicity and would be generally popular by ensuring for most people a tax rebate at the end of the year, instead of the risk of further payments on top of PAYE.

Dr. Owen listed other specific advantages of self-assessment as practised in the U.S. and Canada—above all, that it would make it easier to operate the reduced rate tax band, advocated by some within Government now, Revenue to change tax rates and allowances in mid-year.

In addition, the income of the self-employed might be taxed on a current-year basis, instead of a year's more in arrears, as at present. It would also mean that household rates could be replaced by a local income tax at relatively low cost.

Short-term social security benefits could be taxed more efficiently, so that the gap between net earned income and welfare payments did not become too narrow.

Meanwhile, any increased convenience for individual taxpayers would be outweighed by the great economy self-assessment made possible among Inland Revenue employees, freeing them to operate a wealth tax or other innovations, Dr. Owen insisted.

The Revenue should be given greater powers to carry out audits on individual returns to cut the scope for tax evasion which self-assessment theoretically opens up.

The Foreign Secretary paid the success of the system to the U.S., where highly-public prosecutions of tax dodgers provided an effective deterrent.

However, the bulk of address was devoted to sketch out his own vision of a social democratic Britain—one in which the probable discomfort of Old-style State ownership, not sustainable as a core Socialist answer for the trial and economic problems would confront Britain, he castigated the "sterile" Four arguments of the Left.

Dr. Owen claimed that the few years, were the start of age of realism, which, he had produced a reawakening interest in political spectrum and "regain" far, more on the Right than the Left.

The new Right, exemplified by Sir Keith Joseph, had been admitted, succeeded, exposing discrediting Socialist ideas pointing to the failure of bureaucratic policies.

Socialism was not equidistant to bureaucracy and had to plan quality and control public services, as well as utility and structure.

Civil List increase prompts vote threat by Labour MP

BY RUPERT CORNWELL

MEMBERS PAID: 10 members of the Royal Family get £165,000 more this year than last year.

Princess Margaret rose £5,000 apiece to £80,000 respectively.

Although the 1977 increase for the Queen is, on paper, some 18 per cent—far outside the norms enforced by the Government's incomes policy—the Treasury pointed out that the Monarch, Royalists,

Mr. Denis Healey, Chancellor of the Exchequer, will make a three-day visit to West Germany at the end of this month, to fulfil speaking engagements and for talks with members of the Bonn Government.

Mr. Healey will be in Bonn November 23 and 29. He will meet West German Minister address the German Chancellery and Commerce. Then goes on to Berlin.

Chancellor to visit W. German

THE QUEEN'S CIVIL LIST this year is herself making £165,000 more than last year.

Princess Margaret rose £5,000 apiece to £80,000 respectively.

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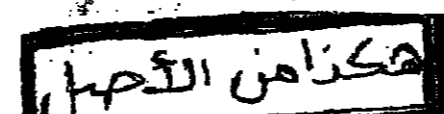
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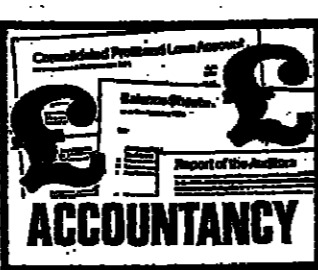
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A tougher approach to self-regulation

REPORT of the Cross more advanced thinkers see it as a very real opportunity to be published to narrow the whole problem of self-regulation of the accountancy profession.

Those who favour the establishment of such a council say that the recommendations they have been much influenced by the committee are by recent developments in the particularly exciting there U.S. There, the American Institute of Certified Public Accountants has decided to go far beyond anything established in the U.S. by the American Institute of Certified Public Accountants (AICPA) and Government one for firms with corporate clients who are registered with the SEC and the other for firms dealing with non-public entities.

Membership of either section is voluntary and firms can belong to both. Each section will be administered by a 21-member executive committee. Both will have similar powers: to require peer reviews (or audits) of accounting firms, to establish standards.

Another string in this debate is the question of what auditing standards should be applied to the different categories of companies. The profession's Auditing Practices Committee is thought to favour some form of exemption for the majority of small companies from the more rigorous audit standards which will come into effect in the next year.

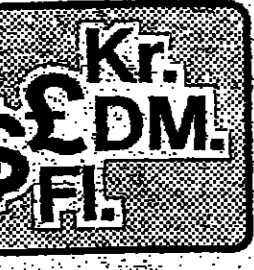
So an ideal solution for all concerned could well be a public

Accountants' Registration Council could either become a council, or more likely, perhaps, an comfortable mechanism for Auditors' Registration Council, making accountancy even more of a closed shop than it already is, or it could become a very effective force for the improvement of standards of professional conduct.

There is no doubt which is the most necessary in the public interest. At present, for example, all the indications are that the accountancy bodies are finding it impossible to look after the affairs of their own members, while at the same time responding to public disquiet. Their half-hearted attempt at public censure statements has probably caused more trouble for the profession than if no action at all had been taken.

After all, such a registration

Michael Lafferty



In his third article on performance indicators for nationalised industries, Christopher Lorenz discusses the sort of factors which can distort international comparisons.

Many people question whether the Post Office is more or less valuable than its foreign counterparts. It may be tantamount to asking whether its prices are higher than those abroad. But by no means as simple as

is partly a function of market policy; the quality of service offered; and, of course, productivity—the use of both labour and capital.

Another factor of this type is the efficiency or otherwise of the exchange equipment which was installed long before the current management took over—a particular thorn in the flesh of the P.O.'s management in the early 1970s and, to a lesser extent, to-day.

The table provides a guide to these and several of the other questions involved, but not an exhaustive checklist.

With so many determining factors, there is an almost unlimited number of potential permutations. No two countries will share exactly the same mixture of characteristics. So none are completely comparable. One must therefore be extremely careful in selecting the candidates for comparison.

Take the comparisons made by the Carter Committee. The committee visited only Australia, Japan and the U.S.A. Had it been given more time or expertise to examine the relative performance of carefully selected sub-departments within these administrations—cable-laying, bill collection or whatever—it might have produced a more useful comparison. In the event, its target was to obtain an overall view of Post Office productivity and efficiency, and it had time only to look at general statistics.

It could hardly have chosen a batch of more misleading countries to compare. Each of them has an entirely different telephone system, in terms of age, density, utilisation and a host of other characteristics; none of them shares even a similar combination of the factors listed in the table. The most extreme example is that the U.S. has about twice as high a level of telephone penetration as almost every major European country (except, of course, the U.K.). The level of penetration has a marked impact on overall productivity—both labour and capital—as

The hidden items on a phone bill

well as on telephone charges. It is true that European Post Offices regularly compare their performance with that of the U.S. Bell System. But they take little interest in overall results for the entire organisation. Their comparisons focus on those specific activities which are similar, and therefore comparable: their concern is usually about how to achieve a similarly high efficiency.

This means that the comparisons are made in very fine detail. One of the simplest examples is the productivity of exchange maintenance departments—a particularly labour- and capital-intensive activity for most administrations. To compare the overall productivity of exchange maintenance departments would be misleading, because each country has an entirely different mix of equipment designs. Instead, the post offices usually direct their attention towards the performance of those few sections of the department which maintain similar equipment.

TELEPHONE CHARGES—FACTORS WHICH CREATE NATIONAL DIFFERENCES

- Geographic and demographic variations
- Levels of telephone penetration/"maturity" of system
- Age and design of already installed equipment
- National income and growth
- Government price controls/restraint
- Government policy on Post Office subsidisation
- Annual levels of capital investment
- Depreciation policy
- Sources of investment funds
- Profit targets (often Government-set)
- Cross-subsidy from telecommunications to posts
- Quality of service (including waiting time for connection and repair, level of operator back-up for STD)
- Usage of network (calling rates, distribution of peaks etc.)
- Organizational productivity (comparisons affected by many factors, including legal responsibilities, range of services offered, national working hours)
- Other factors often suggested, but sometimes disputed: size of organization; relationship on purchase prices, and on R and D, installation and maintenance with equipment suppliers

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Of the many European telephone administrations, only the British, Dutch and German initially appear to be reasonably comparable for the purposes of an overall organisational study; the Carter Committee might have done better to concentrate on them. One of the reasons is that the three countries share high penetration levels, and Bundespost pays more for their networks are also used to

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Facing facts on jobs

THE FIRST five-year plan produced by the Manpower Services Commission does not, at first sight, make cheerful reading. It cannot do so, because it is realistic, and the plain fact is that there is no quick solution to the unemployment problem in this country. In the long run, on the other hand, our prospects could be transformed by a consistent and constructive attempt to tackle the underlying causes of low employment and low real earnings, and in this context the realism of the report can only be encouraging. This agency is showing the right priorities in its own field.

Forbidding
The short-term outlook is inevitably forbidding. The report quotes a number of academic forecasts which show that unemployment is likely to go on rising for at least a year more, and may not level out until after 1978; and on Monday the Treasury witnesses before the House of Commons Expenditure Committee admitted that the Treasury's own forecasts are just as gloomy. This admission is bound to add to political pressure for a faster expansion of demand, and from Cambridge Mr. Wynne Godley, the Jeremiah of the forecasting profession, has urged an enormous extra stimulus now in order to avoid a lurch into unsustainable fiscal expansion next year. His forecast seems to ignore the importance of financial confidence, which may now produce more expansion than standard forecasting techniques suggest, and which certainly would not survive a Godley Budget; but his warning against economic U-turns is timely. Strong nerves and a strategic view will be needed to see the present policy of cautious acceleration to a successful conclusion.

As the Manpower Services Commission points out, the long-term strategy contains a painful dilemma about employment. If Britain is to become more competitive, there must be a steady improvement in the rate of growth of productivity; but this in turn implies less rather than more employment. The report suggests that after a waiting period, the growth of output will in due course create more jobs in productive industry, but it is only too possible that even in stating this modest hope, the

Commission has allowed its realism to falter. Experience in other mature economies suggests that even where a satisfactory growth rate is achieved, employment in production industries tends to decline. Rising real incomes lead, however, to a rising demand for services, so that improved productive efficiency leads to rising employment in other fields. This will probably happen here if all goes well.

However, the quality of employment is perhaps even more important than the quantity; and the basic aim of the MSC in its own field is to continue building on its existing achievement in training and employment information—including a much greater effort to persuade employers to plan their requirements, especially for skilled manpower, more reliably and for a longer time forward. This aim is obviously right, but the fact that nearly a third of employers are reporting troublesome shortages of skilled manpower even in the present deep recession shows that it is easier to talk about training than to produce the right skilled men (with the right union cards) when and where they are needed.

Cost of idleness
Meanwhile the problem of long-term unemployment is bound to persist for a long time, and efforts to solve it quickly through macro-economic measures are likely only to make it worse. The MSC rightly draws attention to the heavy human cost of idleness, as well as the burden on the public purse. It examines, but does not support, the many suggestions for work-sharing through reduction of overtime, longer holidays, early retirement and so on. Unfortunately the problems of low productivity will only be solved with adequate incentives, and work-sharing would dilute the incentives unduly: it is after we have achieved high efficiency that we can realistically choose whether to take part of the reward in leisure; at present there are no rewards to divide. For the immediate future the kind of low-cost job creation, temporary preservation and work experience schemes which the MSC has already developed seem the best available way to temper realism with humanity.

Why the £ was unpegged

THE BANKING figures published yesterday have a double interest. In the first place, the statement of the London clearing banks shows that there was a slight recovery in leading business during the month to mid-October after the disappointing results of the previous month. But the increase was not large, and there still seems to be little change in the borrowing of manufacturing industry—which may, perhaps, have now succeeded in reversing the earlier and involuntary increase in its stocks of finished goods. The increase in borrowing is mainly accounted for (apart from agriculture) by personal customers and retailers; the latter presumably taking a reasonably optimistic view of Christmas spending prospects after the Chancellor's package. The rise in personal bank advances, like the increased amount of consumer credit recently advanced by retailers, does suggest that the personal savings ratio may at last be coming down again.

The second interesting aspect of the figures is the way in which they reflect the inflow of foreign money, the resulting increase in the money supply, and the final decision to let the pound float freely—though after its initial bound upwards, it has remained hovering uncertainly on news of large pay claims and fears of industrial unrest.

Foreign inflow
The clearer's statement points out that, since no great change was to be expected at this time of year for purely seasonal reasons, the £282m. rise in the sterling deposits of U.K. residents probably reflected once again the inflow of foreign money. It is possible, indeed, that the sluggishness of loan demand by manufacturing industry reflects not only the state of the economy but the fact that an unknown part of these foreign inflows are finding their way into the industrial sector; to that extent, an increase in the money supply that would have taken place in one

way is taking place instead in another. How large the actual increase in the money supply on the broader definition was in the October banking month will not be known for some days yet, and yesterday's figures indicate only a rough order of magnitude. The increase in the eligible liabilities of the banking system as a whole rose by 2.3 per cent., as against nearly 3 per cent. in the previous month, but the rise was still half as large again as the average for the months May-August. The odds are that it was large enough to push the growth of M3 for the first half of the financial year outside the target annual range of 9 per cent. to 13 per cent. It will certainly be close enough to the top of this range to explain the need for special action to offset or discourage the capital inflow.

Money limits
The banking figures, in fact, refer to a make-up date on October 19, whereas the figure for the increase in the official reserve during October—over \$32m.—was struck over a week later, and an extremely active week at that. Because of this, and because there are time lags in the process by which foreign currency inflows increase the domestic money supply, it cannot be assumed that next month's figures will show little further growth in M3; the situation is further complicated by the unknown extent to which the Bank has sold and continues to swap accruing currency forward. But a temporary deviation from trend, especially when caused by such abnormal pressures, is not in itself of major importance. What is important, as the Governor emphasised recently at the Mansion House, is that the attempt to reduce inflation to a tolerable level should be supported by "the continued assurance and discipline of living within appropriate monetary limits." The decision to unpeg the exchange rate, despite previous misgivings, suggests that this is now Government policy.

Note of alarm in the property market

BY JOHN BRENNAN, Property Correspondent

AS WE near the fourth anniversary of the property crash of November, 1973, there are disturbing signs that the lessons of the collapse are already being forgotten by institutional buyers of commercial property. Glimpsing that classic symptom of the boom years, is again commonplace in a market where institutions compete to invest in ever increasing flow of funds in a rapidly diminishing supply of top quality properties. Prices for the best office, shop and industrial properties have risen as general interest rates have declined, increasing by a third since last winter. And as the downward pressure on purchasing yields takes initial returns on top office investments below 5 per cent. for the first time since 1973, more and more institutional fund managers are sounding notes of alarm about an overheating market.

Mr. John Darby, who manages Norwich Union's property portfolio, believes that the warning signs have been clear since early 1978: "It was apparent then that the market was overheating—to-day it is definitely a seller's market."

Mr. Darby's caution is shared by many in the market. Mr. Joseph Szeremeta, Eagle Star's investment manager, outlines the basic problem. "The market," he says, "is now out of balance. There is simply a shortage of good quality property."

That feeling is shared by Mr. David Malcolm, Mr. Szeremeta's counterpart at Royal Insurance. "I think that the market has gone too far upwards. Returns on top class properties are now unacceptably low unless one is fantastically optimistic about rents, or incredibly bearish about inflation."

This rental argument lies at the heart of the current debate on property yields. Prime offices have recently been sold at prices which show an initial return to the purchaser of less than 5 per cent. in the hectic summers of 1972 and 1973, institutions, banks and property dealers abandoned traditional yardsticks of value and, at the very peak of the market, bought on initial yields showing an immediate return as low as 3 per cent. Those aberrant boom years apart, 5 per cent. is the lowest prime buying yield recorded for more than 40 years. It is little wonder that buyers are reluctant to be drawn into another Dutch auction on yields.

But a comparison between the market to-day and the market in 1973 simply on the basis of prime buying yields is misleading. The missing factor in the comparison is the level of current and expected rents on an investment property. In 1973 property dealers convinced themselves, and managed to convince normally sober institutional fund managers, that commercial rents were an

exception to the laws of financial gravity. In that climate of self-feeding enthusiasm institutional caution went by the board. Late in 1973 prime office purchases in the City of London were calculated on the assumption of an eventual rental income of at least £16 to £18 a square foot. Four years later purchase calculations for the same building would more realistically assume a current rental value of between £12 and £14 a square foot.

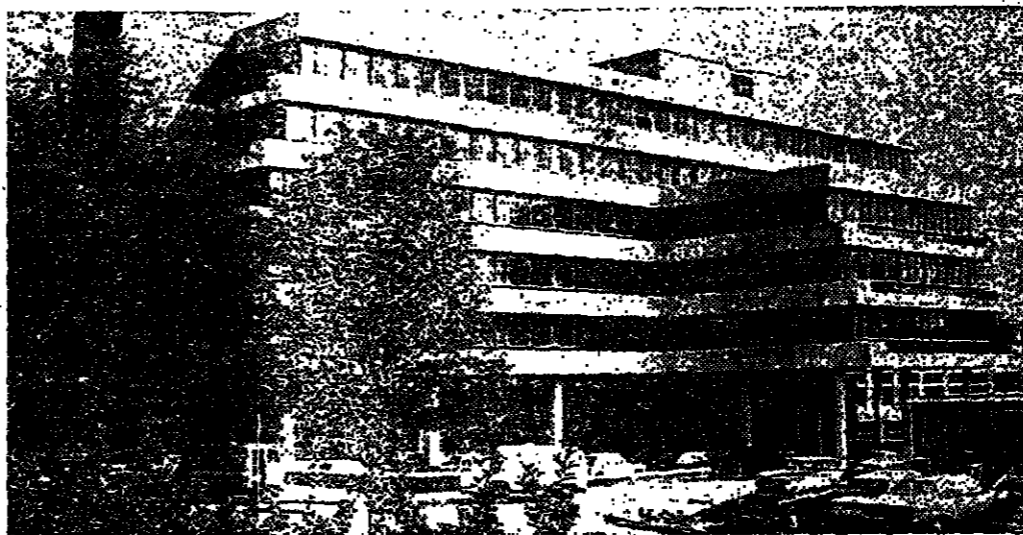
A current property investment showing an initial return of 5 per cent., with to-day's rental assumptions, is far cheaper than a property bought on the same yield on the inflated rental estimates of four years ago. It is this argument that forms the basis of many property sellers' enthusiasm for the current market. Mr. Jeffrey Sterling, for example, who has sold over £240m. of property in his three years at the head of Town and City Properties, discounts fund managers' caution. He argues that low rents disguise the relative cheapness of current purchasing yields,

its way through to rents... there is a cliff face somewhere ahead of us... Mr. Oldfield's "cliff face" describes the eventual effect of an imbalance of supply and demand for accommodation. At the moment there is still a glut of space in most areas of the property market. But the current virtual cessation of new building is sowing the seeds of an eventual space shortage, and a consequent surge in rents.

Building costs have more than doubled in the past three years and office rents have fallen by as much as a third over the same period. Even ignoring the restrictions on development imposed by Government legislation in the form of the Development Land Tax and the Community Land Act, there is generally no financial logic in developing new commercial property until rents rise sufficiently to compensate for these higher building costs. Mr. Nigel Brookes, chairman of Trafalgar House, takes the cautious view that "construction costs are unlikely to decline, and rents are unlikely

"cliff face" of rents analogy. Institutions have so far restricted investment to that prime fringe. That realistic constraint does, however, bring us sharply back to the words of caution expressed by the fund managers. There is only a limited amount of institutional quality property available and there is, as the chart illustrates, an ever-rising flood of investable cash in competition for the property.

The "weight of money" argument is fashionable in all investment markets at the moment. But it is especially convincing when channelled into the narrow prime property market, for as the inflow of investable funds has risen, the supply of institutional quality properties has been falling faster than the rate of purchases. As interest rates fell and the relative attraction of property against Government securities increased, lower interest rates also enabled many forced sellers of property to withdraw from the market. Figures for institutional pur-



The Barclaycard Centre, Northampton, the prize building in Sun Alliance's £28m. purchase of 11 properties from the Rank Organisation last week.

and that even at to-day's prices property is still the institutions' best long-term investment. Mr. Sterling may reasonably be accused of having a vested interest in a lively property investment market. But his enthusiasm finds a partial echo in the ambiguous nature of institutions' reactions to property at the moment. On the one hand there is a growing feeling that the auction room has become too hot for comfort. But on the other there is the knowledge that prime property investments have outperformed other investment media in the past, and that property's income base—rents—is due for a major rise in the foreseeable future.

This ambiguous feeling is summed up by Mr. Maurice Oldfield, manager of Allied Breweries pension fund. He believes that the market is now "too volatile." But he also feels that "inflation has not yet found

to rise enough to cover current costs." He therefore sees no general "cliff face" ahead. Instead he talks of the property market having entered "a tranquil period that will be seen as a period of normality."

On the face of it Mr. Brookes' view could be taken as confirmation of fund managers' worst fears. He talks of "tranquillity" when purchasing yields are assuming dramatic rental growth. He sees a period of "normality" ahead when institutions are warning that the market is becoming as frantic as it was in the days of the boom. But what his recent comment excludes is a point he has made many times before, that above the general run of properties is the narrow top margin of institutional quality space. It is that narrow fringe of prime property that has soared in value in recent months, and it is that fringe that figures in Mr. Oldfield's

now being accused of once again priming the speculative development and property dealing market. Warning of the "risks of another crash" Mr. Victor Lucas, former president of the British Property Federation, said recently: "There are grounds for very real anxiety that the banks could already be forgetting the lessons of just four years ago."

There is no doubt that bank finance is again available for limited speculative dealing, particularly in the again fashionable flat break-up market—that is, selling individual flats in a block bought as a dealing property. But the Bank of England keeps a wary eye on lending to the sector, and recently repeated its credit guidance note of July 1976 advising caution on property lending.

Supply of property

Any general bank fuelled boom is, therefore, improbable. But what of an institution fuelled boom? Efforts have been made to expand the supply of property available to absorb institutional cash by tentative moves back into the development market. And there has been fierce competition for the few development schemes and refurbishment projects that are financially viable at current rent levels. But the "weight of money" argument is fashionable in all investment markets at the moment. But it is especially convincing when channelled into the narrow prime property market, for as the inflow of investable funds has risen, the supply of institutional quality properties has been falling faster than the rate of purchases. As interest rates fell and the relative attraction of property against Government securities increased, lower interest rates also enabled many forced sellers of property to withdraw from the market. Figures for institutional pur-

chases of property in the first two quarters of 1977 give a misleading picture of the buying pressure because of the several months' time-lag between first approach and completion of a property deal. Pension funds at current rent levels. But the "weight of money" argument is fashionable in all investment markets at the moment. But it is especially convincing when channelled into the narrow prime property market, for as the inflow of investable funds has risen, the supply of institutional quality properties has been falling faster than the rate of purchases. As interest rates fell and the relative attraction of property against Government securities increased, lower interest rates also enabled many forced sellers of property to withdraw from the market. Figures for institutional pur-

MEN AND MATTERS

After Ted, it could be Shirley

Although some of his fellow-Tories have adopted a condescending attitude to Ted Heath's impending whistle-stop tour of Britain, there is mounting excitement among 50 provincial booksellers. With less than four weeks to go, they are charged with whipping up cash customers for the 25,000 copies of his books he hopes to sign on station platforms during the five-day, 1,400-mile marathon. The special three-coach supertrain will be loaded with the books, plus piles of his long-playing records, marketing display materials and sundry publicity people. With pen and smile both poised for business, the tireless author-conductor leaves Paddington on December 5 on a circuit to Bristol, the Midlands, Lancashire, Scotland, Yorkshire and East Anglia. Only the solid presence of a private detective will remind his fellow-travellers that the best-selling prize in their midst is, after all, an erstwhile premier.

Lord Longford, chairman of the publishers, has expressed delight at the Heath residence as a book-signer. There are now suggestions that other popular figures should meet their dotting readers through the agency of British Rail. I asked a member of the Sidgwick and Jackson staff whether their top best-seller, Shirley ("Superwoman") Conran, might not soon be qualifying for a Supertrain. The reply was revealing: "Oh, so you're on Shirley's side, too."

Milk shakes

The culture of camels—providers of transport, food, drink and (some say) tobacco substitute in the world's desert lands is being updated with the help of British dairy technology.

OAD Agriculture is designing a milking parlour for the beasts of the royal camel herd at Riyadh, Saudi Arabia. Gascogne Gush and Dent will provide the milking equipment. The parlour will be much the same as that found on most European dairy farms, except that the camel-herd will not have to work from a hole in the ground as a cowman does (camels being that much more accessible). He will also have to be protected by steel sheathing from the clashing teeth and falling legs of his ill-tempered charges. Somewhat surprisingly, a properly-fed camel will yield around 500 gallons of milk a year. This is only half the amount the average British farmer squeezes from each of his cows; but then, you never see him riding to market on Strawberry, his favourite Friesian.

Better with Bongo

Santiago Carrillo, leader of the Spanish Communist Party, has really got the bit between his Euro-Communist teeth. Not content with irritating the Soviet Communist Party in Moscow and being prevented from reading a speech at the 60th Anniversary Celebrations of the October Revolution, he has just turned his back on a Soviet Embassy reception in Madrid.

The reception, the first held by the Embassy here since relations between Spain and Moscow were restored in February, was timed reportedly so that members of the Spanish Communist Party could be back from Moscow to attend. Carrillo's excuse for not going was the need to attend a special dinner given by King Carlos in honour of President Bongo of Gabon. The Spanish



"You can't depend on anyone, first the police back down and now we can't rely on the power workers."

Press couldn't resist making the most of this excuse. "Carrillo prefers the King," said one daily while another paper clearly delighted in adding that the notable absentees from the Soviet reception were Carrillo and the U.S. ambassador to Spain. This was followed up by a photograph of the Soviet ambassador to Spain with the Socialist Party leader, Felipe Gonzalez. Carrillo, apparently undaunted left yesterday for a visit to Yugoslavia before going on to see his Italian colleague, Enrico Berlinguer. This will be followed by a trip to America on November 14 to give a series of lectures at major American universities.

Travel shy

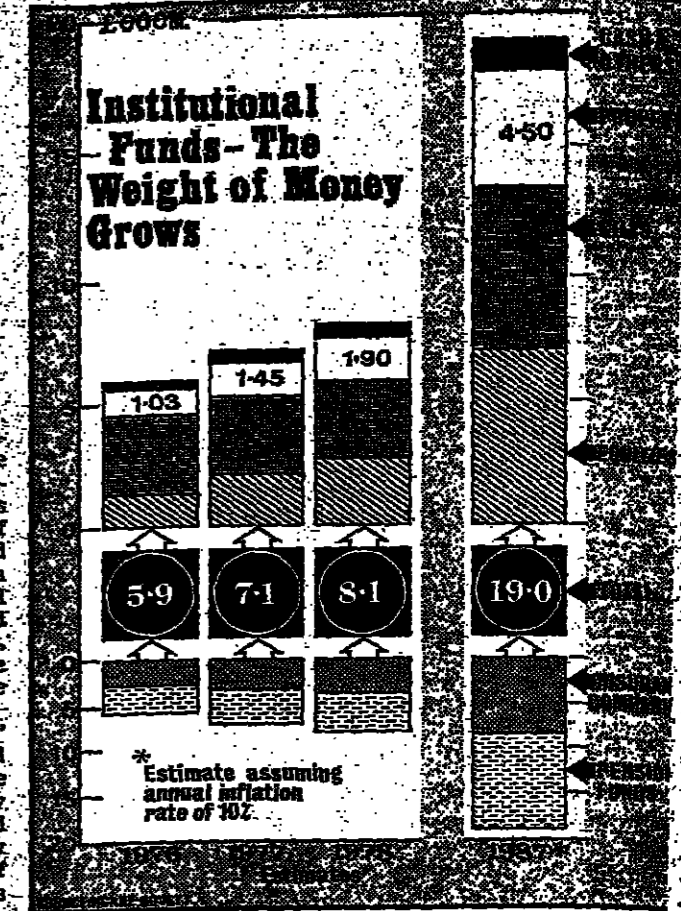
Only one major element is missing from the Association of British Travel Agents convention in Lisbon this week: travel agents. More than 2,000 delegates are here to debate, drink,

discuss, dance and even do a little business. But very few are travel retailers. The ABTA convention has turned more than ever before into a massive travel industry gathering for the big names, but frightening off the little man.

A mere 230 retailers have bothered to make the trip in spite of bargain basement prices—they were given a £80 round trip air fare to the Portuguese capital and heavily discounted hotel room rates. This is causing some embarrassment to the ABTA management. Some 30 nations plus airlines and car rental companies have paid \$500 each to take space in a trade exhibition during the convention, but now find that there are few British retailers to sell to. Gone are the old days when Clarksons took huge suites at the Rotterdam Hilton to entertain agents for four days in the hope of getting sales, and when Thomson hired a stretch of Cannes beach for daily barbecue parties with the same objective. Next year the Association meets on Spain's Costa del Sol, the notable absentees from the ABTA's new president, Mrs. Margaret Hook, reckons that by then she and her colleagues may have convinced the travel retailers that ABTA is for them as well as for the wholesalers; at the moment it seems they will need a great deal of persuasion.

Direct hit...

International strategic arms limitation has never been a subject of consuming interest to Spanish-speaking Americans. But things may be changing. The evidence, it is said in Washington, lies in a sudden surge in the number of letters from Hispanic constituents wanting to know more about the "Cruz" missile.



But in the final analysis, neither have to accept prices lower than their rights bid for secondary quality property, or stand back from the market. There is so much scramble for available parties, as Sun Alliance's £28m. purchase from the Rank Organisation, and the Accident's near £20m. take of the Grassington Park Unit Trust show. But a number of funds have already decided not to compete at current prices. Mr. Robert Dashwood, of British Rail's pension fund, believes that the market will eventually accept the rise. "I share the concern about the market overheating, but I do not believe that it will be quite as slippery as 1972-73."

He believes that funds not be tempted into the dairy market again, a shared by most of his peers. And if funds still prime investments he feels "five years time" we'll be back, and if we've currently, all the arguments about an extra 1 per cent. yield will just seem silly, wonder why we were worried.

The next six months will see whether Mr. Dashwood's confidence is justified. The 1972-73 may indeed have learnt, and there may be downward drift of institutions into the mass of secondary properties and ambitious speculative deals forming the debris of quality buildings, tend already to be under the wing of a 1977 will be more difficult friendly institution with equity appreciate until we discover how institutions manage their investments.

Recent major purchases, such as BP's £45m. acquisition of the pit pool of available property, suggest that the market is still in a state of flux. The next six months will see whether Mr. Dashwood's confidence is justified. The 1972-73 may indeed have learnt, and there may be downward drift of institutions into the mass of secondary properties and ambitious speculative deals forming the debris of quality buildings, tend already to be under the wing of a 1977 will be more difficult friendly institution with equity appreciate until we discover how institutions manage their investments.

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Observer

COMPANY NEWS + COMMENT

Smiths advances 27% to record £20.5m.

WITH TURNOVER 24 per cent higher at £224.05m. and interest charges down from £1.33m. to £1.15m., taxable profit of Smith's Industries rose 27 per cent to record £20.51m. in the year to July 30.

Table with 4 columns: Company, Page, Col., and another Company, Page, Col. listing various companies like A.B. Foods, Bell (Arthur), Bids and Deals, etc.

dominantly sales to fleet vehicle users. After tax of £288,000 (£167,000) earnings per share are stated at 6.7p (5.7p) per 10p share.

Eva Inds. first-half headway

FOR THE six months to October 1, 1977, Eva Industries reports pre-tax profits £231,000 ahead at £1,132,000. This figure includes a contribution from Robert R. Stocks for the period from September 1 to the end of the half year.

Reflecting little change in overall margins, trading profit advanced a similar amount to turnover to £21.06m., returning 20.4 per cent on funds employed compared with 18.5 per cent. last year.

Directors say profits of most trading activities showed an increase in the year, with substantial improvements achieved by the motor accessory and medical businesses, the Australian company and the wholesale distribution companies.

The reduced volume in the aerospace division predicted last year related mainly to deferment of programmes and low airline activity.

market as new overseas markets have opened up. Among overseas subsidiaries Australia has performed particularly well more than doubling its profits on the back of strong demand for car air conditioning equipment.

Group profits also include the first full year contribution of £1m. from George MacLellan. The marine and aerospace equipment divisions, however, have continued to struggle reflecting the current problems in aircraft and shipbuilding, while sales of clocks and watches have been hit by cheap imports from the Far East and from behind the Iron Curtain.

At half-year pre-tax profit was ahead from £7.85m. to £9.56m. Acquisitions during the year added £900,000 to this year's result, but directors say the stock valuation adjustments had only a small effect on trading profit.

A final dividend of 4.26p per 50p share has been declared taking the total to £2.46p, and will absorb £3.1m. Last year a 4.48p total payout was made, absorbing £3.03m. Earnings per share are stated at 21.5p against 17.3p last year.

RCF makes progress to £557,000

AFTER A midway decline from £119,000 to £73,000, taxable profits of hand tool manufacturers and distributors, RCF Holdings progressed to a depressed £481,643 to £557,000 for the full year to July 31, 1977.

The directors look forward with some degree of optimism to a period of more settled trading and anticipate steady improvement in the group's performance.

Turnover showing higher volume, increased £2.56m. to £13.29m., of which a 0.78m. rise is attributable to exports. Stated earnings advanced from 3.52p to 4.29p per 25p share and a 1.8475p final raises the total to 2.7225p (2.4375p) net, costing £169,136.

£550,000 peak for Jessups

AFTER BOOSTING taxable profit £97,631 to £235,831 at half-year, motor vehicle dealers and body builders Jessups (Holdings) reports a record £550,250 pre-tax balance for the August 31, 1977 year. A profit of at least £0.5m. was forecast by the directors in May.

The result came on a sharp rise in turnover from £14.18m. to £21.24m., and compares with the £212,602 profit last year. Directors anticipate further growth in the current year, and have reflected in the interim dividend.

Mr. T. R. Astley states that once again the major increase in profit derives from the agricultural tool division but useful gains were made in all other divisions except the investment division, which suffered particularly from losses at Greenpeace Woodturning Company. This division was badly affected by deep recession in the furniture trade which extends throughout Europe.

The directors believe that action already taken plus some slight improvement in U.K. furniture trade should alleviate the problems.

While there was a first time contribution from Stocks the bulk of Eva Industries 32 per cent half pre-tax increase came from agricultural tools overseas where developing countries have lifted this division's importance from 69 per cent to 73 per cent of overall profits. Here, volume sales have been increased by about 10 per cent, principally in the division's main product—the Chillington hoe, which performs an essential role in plantation cultivation. Engineered products—boosted by Stocks (turnover £0.3m., profit £26,000)—were helped by an upturn in mail order buying of specialist tools, but the depressed car industry hit hand tool sales and contract forgings. The profits turnaround in engineering services reflects cost savings such as fuel rather than an upturn in trade. Meanwhile the continued development of third world countries should ensure steady growth in agricultural tools and at least £2.8m. looks possible for the year, a 37 per cent advance. The shares, 38 1/2p, are at very low levels.

Record Ridgway is proposing to spend £2.8m. on a new grey iron foundry and a further £2.5m. on expanding capacity and re-equipping R. R. Tools and Platt Forgings in Sheffield.

The rights issue is of 2,232,608 Ordinary shares at 70p each and the group proposes to increase the authorised capital from £2.37m. to £4m., subject to an EGM on November 25. Dealings start on November 28.

The proposed issue has been underwritten by S. G. Warburg and brokers are Laing and Cruickshank.

Mr. A. R. Hampton, chairman said yesterday that the expansion programme would increase capacity and at the same time make the group more self-sufficient with plants expected to supply up to 90 per cent of the group's forged forgings, castings and drawings against the FCI loan facility were not expected to commence until the second half of 1978. First repayments were not due until 1980 when interest payments linked to the London Inter-Bank Offered Rate.

ISSUE NEWS AND COMMENT

Barratt Developments raising £4.38m.

Barratt Developments, the Newcastle based housebuilder and fast first half is expected through a 1-for-3 rights issue at 82p per share. The proceeds will be spent on financing the group's working capital requirements and its extension programme, particularly in the south of England.

Holders of the 61 per cent convertible loan stock 1992-97, are offered an ordinary share for every £3.50 nominal of loan stock. For the year ending June 30, 1978 the group intends to recommend a dividend of 8.09p net (7.23p) or 12.2p gross.

Barratt reports that trading in the first four months of the current year has been satisfactory, although the recent upturn in the industry forecast for the second half of the year.

The interim dividend per 25p share is lifted from 1.44p to 1.9p net—last year's final payment was 2.1p net on record profits of £2.04m.

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life—will have to be increased. A fast first half is expected through the market is looking for around £10.5m. for the full year, compared with £7.2m. On an earnings dividend of 108p the share yield 11.9 per cent, and sell on a prospective p/e of 6.1 (fully taxed) on average capital.

Bridport Gundry cash call

BRIDPORT-GUNDRY (Holdings) is proposing to raise £472,000 from shareholders by a one-for-four rights issue at 29p each.

The company also announces full year figures for July 31, 1977 showing a rise in pre-tax profits from £559,078 to £851,000. The dividend is stepped up by the maximum permitted to 1.2725p per share with a final of 0.525p.

Health and Co. expanded from £3.8m. to £4.4m. for the half of the year to September 30, 1977. For all the previous year, a record surplus of £1.7m. was recorded.

Mr. P. J. Holland, the chairman, says it would be unrealistic to expect full year growth to match that reported for 1976-77. However, in view of the first half figures, and despite the recent regulation of sterling, the directors are confident that substantial real growth will be achieved.

The continued development of the group's U.K. based insurance broking operations has been encouraging, reports the chairman, while overseas, the Australian operation showed further growth and the renewed action taken in the U.K. last year appears to be successful.

The group's agencies company, which underwrites outside Lloyd's is showing good progress, states Mr. Holland, and the Australian underwriting operation is continuing to progress satisfactorily, making the group's contribution to underwriting income.

Interim dividend is lifted from an equivalent 1.3p to 1.425p net (8.2p) per 20p share. For 1976-77, payments totalled an equivalent 4.4p.

Record Ridgway is proposing to spend £2.8m. on a new grey iron foundry and a further £2.5m. on expanding capacity and re-equipping R. R. Tools and Platt Forgings in Sheffield.

The rights issue is of 2,232,608 Ordinary shares at 70p each and the group proposes to increase the authorised capital from £2.37m. to £4m., subject to an EGM on November 25. Dealings start on November 28.

The proposed issue has been underwritten by S. G. Warburg and brokers are Laing and Cruickshank.

DIVIDENDS ANNOUNCED

Table with columns: Company, Current payment, Date of payment, Corrected for year, Total last year, Total this year. Lists companies like A.B. Foods, Broom Walker, etc.

C. E. Heath advances to £5.44m. at midway

WITH income from insurance broking rising 94 per cent to £7.78m. pre-tax profits of £2.8m. Heath and Co. expanded from £3.8m. to £4.4m. for the half of the year to September 30, 1977.

For all the previous year, a record surplus of £1.7m. was recorded. Mr. P. J. Holland, the chairman, says it would be unrealistic to expect full year growth to match that reported for 1976-77.

However, in view of the first half figures, and despite the recent regulation of sterling, the directors are confident that substantial real growth will be achieved.

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Newman Granger lower

AS ANTICIPATED in April there was an improvement in the second half for Newman Granger Industries, makers of screw threaded fasteners, with taxable profit showing an advance from £280,530 to £282,152, leaving the full-year result for the year to July 31, 1977, down £20,836 at £508,257.

During what was a difficult year for the company, rose 20.8 per cent but margins, through increased charges, did not rise. The group's performance has been maintained reflecting confidence in the future, the directors say.

Earnings per 10p share were down 1.14p to 4.44p in the year. A one-for-four scrip issue, a net final dividend of 0.71p raised the total to a maximum permitted 1.23p (equivalent 1.11p).

FRUEHAUF EXTENDS Fruehauf Corporation has extended its completed offer for Crane Fruehauf until 5.30 p.m. on November 21. Fruehauf and its subsidiaries now own or have agreed to acquire 5,691,533 Ordinary shares of Crane Fruehauf, representing 87 per cent of the equity.

Other Crane shareholders are advised that Fruehauf will be writing a further letter on receipt of full details of the rival offer from Inchcape.

Table for King & Shaxton with columns: Share type, Price, etc. Lists items like 12p, 15p, etc.

Expansion funds for Record Ridgway

The Sheffield-based hand tools manufacturer Record Ridgway is seeking to raise £11m. by a one-for-four rights issue to support a capital expansion programme which will cost the group £5.1m. by the end of 1980.

In addition the group has announced a £21m. medium term loan from the Finance Corporation for industry, while a further £200,000 has been raised through government grants.

The Treasury has given its permission for a 48 per cent increase in the dividend from 3.0375p to 4.5p net per share for the year to October 31. The new shares qualify for the increase. The group estimates pre-tax profits for the year of £2.4m.—23 per cent up on last year's adjusted figure of £1.95m.

Record Ridgway is proposing to spend £2.8m. on a new grey iron foundry and a further £2.5m. on expanding capacity and re-equipping R. R. Tools and Platt Forgings in Sheffield.

The rights issue is of 2,232,608 Ordinary shares at 70p each and the group proposes to increase the authorised capital from £2.37m. to £4m., subject to an EGM on November 25. Dealings start on November 28.

The proposed issue has been underwritten by S. G. Warburg and brokers are Laing and Cruickshank.

LOCALS CLIMB TO 7%

The coupon rate on this week's batch of yearling bonds has risen to 7 per cent at par, against 6 1/2 per cent last week. The bonds are due on November 15, 1978.

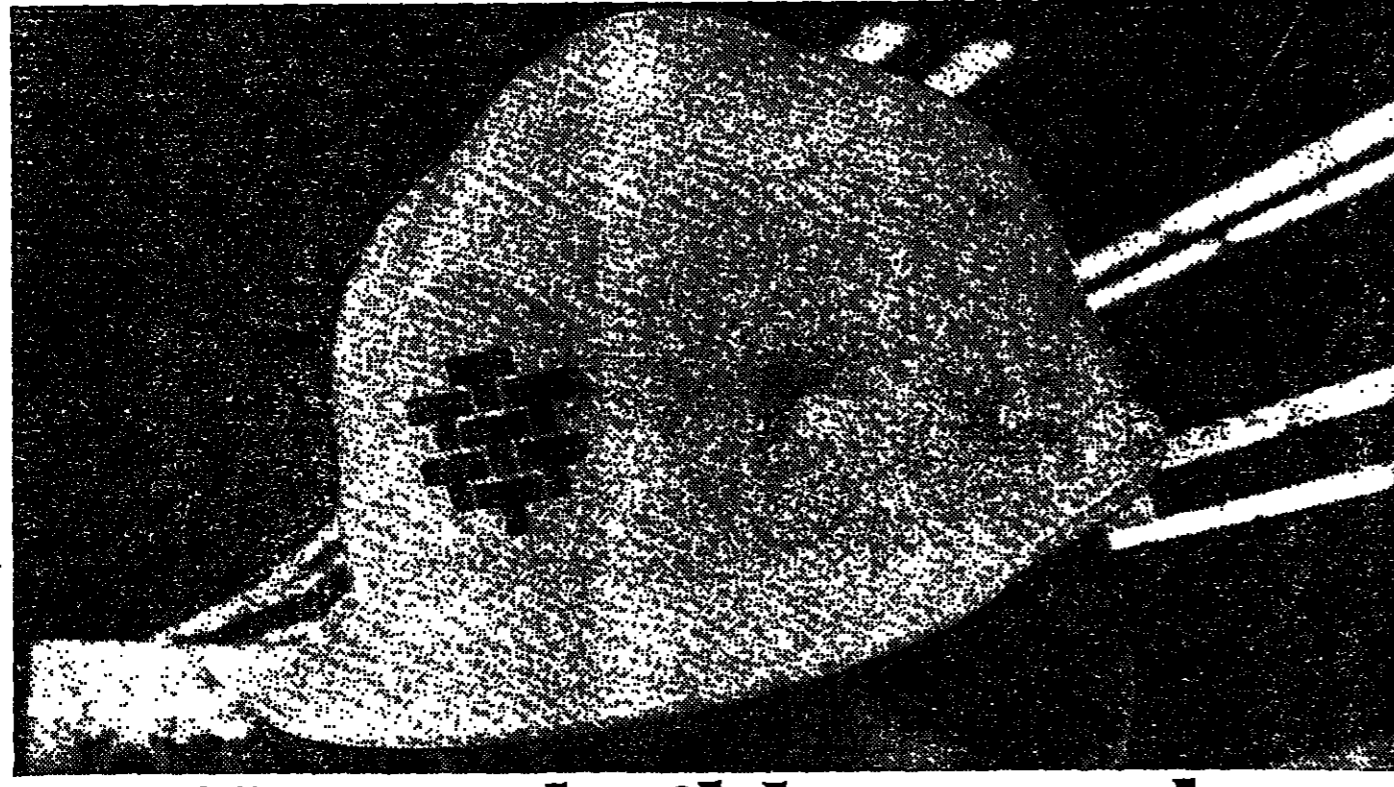
The issues are: London Borough of Barnet (£1m.), City of Newcastle Upon Tyne (£1m.), Strathclyde Regional Council (£1m.), Walsall Metropolitan Borough Council (£2m.), City of Liverpool (£1m.), London Borough of Hounslow (£2m.), Borough of Thamesdown (£1m.), West Yorkshire Metropolitan Council (£1m.), Northavon District Council (£1m.), London Borough of Merton (£1m.).

Two year bonds carrying a coupon of 8 1/2 per cent due on November 7, 1978 at par are issued by West Glamorgan County Council (£1m.), Metropolitan Borough of Solihull (£1m.), St Helens Metropolitan Borough Council (£1m.), Walsall Metropolitan Borough Council (£2m.), City of Liverpool (£1m.), London Borough of Hounslow (£2m.), Borough of Thamesdown (£1m.), West Yorkshire Metropolitan Council (£1m.), Northavon District Council (£1m.), London Borough of Merton (£1m.).

Three year bonds of 8 1/2 per cent at par due on November 5, 1980 are issued by Wiltshire District Council (£1m.), and Suffolk Coastal District Council (£1m.).

Record Ridgway is proposing to spend £2.8m. on a new grey iron foundry and a further £2.5m. on expanding capacity and re-equipping R. R. Tools and Platt Forgings in Sheffield.

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How to build a tunnel under the Suez Canal, a harbour in Aqaba, power stations in Oman, an Air Force HQ in Saudi Arabia and a quarry in Malaysia.

We are currently working on, or have completed, all these projects. Which gives you an idea of our experience and specialist skills in all types of building and civil engineering.

Tarmac International. Big in World Construction.

TARMAC INTERNATIONAL, INTERNATIONAL HOUSE, 62-72 CHILTERN STREET, LONDON W1M 2EL. TELEPHONE 01-486 4444. TELEX 23713. OFFICES IN OMAN, SAUDI ARABIA, U.A.E. & EGYPT

Handwritten Arabic text at the bottom of the page.

WHITBREAD

INTERIM REPORT

Whitbread and Company Limited announce the following Unaudited Profits for the six months to 31st August 1977, and an Interim Dividend of 1.1857 pence per share (1976/77 = 1.0272p). When taken with the appropriate tax credit the Interim Dividend represents an increase of 10% and includes an additional payment of 0.0384 pence in respect of the Final Dividend for the year to 28th February 1977, which was declared prior to the reduction in the basic rate of income tax from 35% to 34%.

	Six Months to 27/8/1977	Six Months to 28/8/1976
Turnover	278,979	200,780
Profit before depreciation and funding charges	37,193	38,729
Deduct: Depreciation, less investment grants credit	5,624	4,824
Bank and loan interest payable	6,541	5,985
Provision for future (gains) losses on foreign exchange	(201)	2,100
Profit before Taxation and Extraordinary Items	25,229	25,820
Taxation — Current and Deferred	12,948	14,450
Profit before Extraordinary Items	12,281	11,370
Extraordinary Items, less Taxation attributable thereto	816	617
Attributable to Minority Interests	(140)	(5)
Profit attributable to Members of Holding Company	13,057	11,982
Preference Stock Dividend	208	208
Interim Dividend on Ordinary Shares	2,669	2,310
Interim Dividend — pence per Share	1.1857	1.0272
Earnings — pence per Share — Basic	5.35	4.98
Fully Diluted	4.96	4.82

NOTES:

1. In previous years and pending the agreement of a new national accounting standard, the movement in foreign exchange has been included in earnings for the purposes of calculating earnings per share.

2. The interim dividend will be paid on 12th January, 1978 to shareholders on the Register at close of business on 28th November, 1977.

Turnover was £278,979,000, an increase of 7%, and our Profit Before Tax and Extraordinary Items was £25,229,000, a decrease of 2.3%. Due to lower taxation charges, our Profit After Tax at £12,281,000 showed an increase of 8%.

Our trading was adversely affected by three main factors. First, the carry-over effect of the London strike during January-February 1977, plus further unofficial industrial action during the Spring and Summer in several of our companies. Secondly, the cold and wet Summer and, thirdly, steadily decreasing spending money in our customers' pockets.

Lager continues to be a key factor in the brewing industry's performance. Growth during 1977 has slowed down but, after discounting the weather factor, we believe the growth of lager will continue. We are, therefore, confident in continuing our investment in the new lager brewery at Magor. We feel that Whitbread's two main lager brands, Heineken and Stella Artois, are well placed to take up the future demand for lager in the market place. Against the background of Stella Artois in cans during May has been particularly successful. Against the background of a difficult trading period, we report good progress by Whitbread Trophy Bitter, as well as Gold Label, English Ale and Brewmaster.

The poor Summer weather caused a dramatic drop in sales of Soft Drinks, which severely affected sales of B. White Lemonade. This was in sharp contrast to our sales of Rawlings Mixers, which are up on last year and considerably increased their share of the market.

In a difficult market, volume sales of wine have been maintained at last year's levels. Profitability has shown an upwards movement, due to increased sales of Langenbach German wines and French table wines.

In spirits, Long John International has opened a number of new overseas markets, and continues to show increased sales and profits. In the United Kingdom, sales of the Long John brand are now running at almost double last year's figures.

The prospects of the second half year are mixed. On the one hand, we expect the new wage settlements throughout industry, linked to the Chancellor's recent reduction in personal taxation, to create more disposable income. On the other hand, during this Autumn we suffered a major unofficial strike in Wales. But, even more importantly, the Government has queried the pricing actions of our industry. We must assume that, once it has fully considered our evidence on the matter, the need for a fair pricing policy will be recognised. Meanwhile, until the Government's future intentions are clarified, with continuing inflation and wage increases yet to be negotiated, the Brewing Industry's profits and investment programme must be severely at risk. Looking further ahead into 1978, and assuming that discussions on pricing will be successfully concluded, we judge that 1978 should be a better trading year.

THE BREWERY, CHISWELL STREET, LONDON, EC1

MINING NEWS

Harmony moves into new era

BY KENNETH MARSTON, MINING EDITOR

AN IMPORTANT step towards boosting the already sizeable revenue from uranium of South Africa's Harmony Gold Mining comes with the news that a "favourable loan facility" for a new uranium plant, previously estimated to cost some £10m, is being negotiated. Accordingly, shareholders approval is being sought to increase the mine's borrowing powers to £40m.

In the past few months, Harmony made a profit from uranium of R25m, compared with only R8.5m from gold, although it must be pointed out that the accounting method which is now being changed—loaded the bulk of costs on to gold.

However, the scope for increasing uranium revenue is shown by the fact that at present only 18% of the Merrispruit section of the mine is treated only for gold. The uranium-containing "waste" is discharged on to slimes dams.

This is the first step of an economically viable source of uranium," it is stated, and "should be fully exploited as soon as possible."

Harmony also makes the point that full exploitation of uranium above 3800 ft would have a "very significant influence on the total mine profits."

And there have been whispers in Johannesburg that the mine may in fact be a new uranium sales centre.

In September, the company's chairman, Mr. A. C. Petersen, anticipated a dividend of 25 cents to make a total for the year to June 30 next of 50 cents compared with 20 cents in 1976-77. His forecast was conditional on the gold price remaining above \$160 per ounce and on costs being held within reasonable limits.

So far, both conditions have been met and yesterday gold closed at \$165.50 per ounce. It is an intriguing gold-uranium investment. The mine is relatively young—mining started in 1954—and following the acquisition in 1974 of the rights to the Merrispruit and Virginia properties, it is a big producer with a mill throughput last quarter of 1.68m tons of ore.

At the same time it is a marginal gold mine. Last quarter's gold grade was a lowly 4.74 grams per ton and this left only a small margin of profit at the average price obtained in the period of \$139. But, as the gold grade was produced and it is clear that the gearing between this high gold production and a modest increase in gold price will have a sharp impact on profit.

Thus Harmony is well placed to make the most of a period of recovering gold prices and a strong market for its uranium. Capital spending will be on a long-term account, but the cost of the new uranium plant is to be financed out of borrowings and given a continuation of the firm market for gold Harmony's profits could take a major stride forward next year.

The shares, which like the rest of the South African issues have to live with political risks, were 400p in London yesterday.

RECORD PROFITS FROM TUNGSTEN

The only tungsten producer in Canada, operating a mine in the Northwest Territories, has not only earned more profits in three months than it has ever earned in a year before but has recorded in the nine months to September a 282 per cent increase in earnings over the same period of 1976.

The company is *Cascade Tungsten Mining*, which 49% is owned by the Government of the U.S. and 19% by another Canadian group, *Domest Mines*.

Net income in the nine months to September was \$Can.12.2m (€2.5m), compared with \$Can.3.5m in the first quarter of 1976. Output was slightly lower because of work stoppages, but there was some compensation in the mining of higher grades.

The dispute lasted for about a fortnight and interrupted the mill expansion programme. But the company stated that work was again proceeding on schedule.

BIDS AND DEALS

Hanson adding to U.S. food interests

BY KEITH LEWIS

Hanson Trust, the industrial holding company headed by Sir James Hanson, looks set to increase its already substantial interests in North America with a proposed \$50m (£24m) takeover of Interstate United Corporation, a publicly-quoted U.S. food group.

Hanson, which already generates around two-thirds of its earnings in America, is bidding \$10 cents for every Interstate share through Hanson Industries Incorporated, its U.S. subsidiary. The offer, which compares with a 34% premium on the current market price, has received the blessing of the Interstate Board, although it is understood that the directors have only a small shareholding.

Hanson is one of the few U.S. companies in a position to claim a successful acquisition policy in North America and the Interstate deal is the latest in a whole string of take-overs mounted by the group since November, 1976, when it paid \$24m for a 24 per cent stake in Gable Industries, a building materials group. Since then Hanson has made a considerable impression on the U.S. food market.

Interstate operates in 46 states in America and prepares over 2m meals each day for schools, hospitals and factories. In the year to June 1977, Interstate made after tax profits of \$25m on a group turnover of \$287m, and has gone on to produce first quarter profits to September, 1977, of \$685,000 against \$675,000 in the comparable period of the previous year.

The Interstate acquisition will be financed from cash raised locally by the North American subsidiary. The Hanson share price ended 2 1/2 higher yesterday at 140p.

Akzo wants deal with Eisons

By Kevin Dono, Chemicals Correspondent

AKZO HAS been approached by Eisons, the Dutch chemical group, with the suggestion that the British company takes a majority interest in Akzo's long-standing agrochemical subsidiary, Agronorm.

Akzo, which reported losses in the second quarter of \$5.5m, is studying a package of cost-cutting measures which could lead to a reduction of staff in Europe. It has already embarked on a reorganisation of its three divisions.

In its last annual report, Akzo said that development of its pesticide subsidiary, Agronorm, had proved "progressively unattractive" and that Agronorm remains a dead weight on the company's long-term continuity.

Plans for its merger with the agrochemical interests of another Dutch company, *Verduyn*, a subsidiary of *Uthmaniyah*, have been abandoned through the Dutch Government but it turned down an application for aid amounting to \$10m. The company has also been seeking to carry the merger through.

Agronorm is too small to justify the sort of research establishment which the company has established in the United States and the United Kingdom and the parent company is approaching Eisons.

The move was confirmed yesterday that Eisons has been looking at the possibility of taking an active interest in Akzo's agrochemical division. The deal would be valued at \$45m on a turnover of \$56.6m.

George Doland £261,000 loss

George Doland, currently the subject of a takeover bid by Maurice James, made a loss after the six months to July 31 of this year. His net loss was £261,000 (£254,000) and the trading loss £22,324 (£23,000).

The chairman, Mr. A. A. Davis, said yesterday that the group in trading losses and extraordinary losses. He added: "A result of this, however, is a reduction in head office overheads and further expansion."

Mr. Davis also mentioned the number of branches: "The imbalance is being corrected by a reduction in head office overheads and further expansion."

He also mentioned that the group is not yet profitable and that the result of the takeover will be a loss of £250,000. Mr. Davis said that the group is not yet profitable and that the result of the takeover will be a loss of £250,000.

A. INDOONESIAN TAKE IN EVA

Evva Industries announced today that it has bought 20% of the Indonesian corporation has purchased 40,000 shares in Evva for \$2.3 million. This brings AIC's stake in Evva up to 1,945,938 shares representing 29.5 per cent of Evva's Ordinary Capital.

THAMES PLYWOOD SUSPENDED

Shares of Thames Plywood Manufacturers were suspended from the Stock Exchange yesterday, as a result of the sale of its main subsidiary, *Technical Panel Industries*.

Earlier this year Thames was taken over by British-Burmey money brokers. The company was bought by Messrs. R. Earl and R. Ross, executive directors of *Technical Panel Industries*, *Charterhouse engineering division* and *Conditional Development Capital* and the British Rail Pension Funds.

Gloom over Noranda

THE LITANY of depressed news from North American mines caught in the recession of base-metal prices has continued with the latest figures from Noranda group operating in Canada. A succession of news about cutbacks, reduced profits and dividend reductions gives substance to the impression of an industry bowing its head to the cold economic reality.

At Noranda Mines, where Noranda has a 45.3 per cent interest, a five-week suspension of operations at its zinc-copper operation in Quebec has already been announced. Now the company has said it is examining means to scale down mine production to the lower level of sales.

Indicated earnings for the nine months to September are \$Cdn.12m (€2,600,100), against \$Cdn.20m in the same period of 1976, but our sources in the industry say that the second quarter and first quarter of 1977, in the same period last year, is mainly because of accounting on a production rather than a sales basis.

At *Noranda Lake Mines*, in which Noranda holds a 50% interest, a 25 per cent cut in output is being imposed to 15 cents (7.5p) per ton in the first three quarters of 1977 was \$Cdn.2m (€3.1m), against \$Cdn.10m in the first nine months of last year.

There is an implied lack of confidence in the metal market, however, behind the company statement that work on bringing the Noranda Lake mine to early re-start is being curtailed before the end of the year.

At *Placer Development*, the Vancouver company where the Noranda stake is 31.5 per cent, the company has said it is looking at a possible acquisition of a copper producer which states the company are "not sufficient to cover the costs of production of most North American mines." But Placer is fortunate not to be solely dependent on copper.

Strong demand and higher prices for molybdenum have allowed it to announce net income for the nine months to September of \$Cdn.15m (€3.2m), in the same period last year. Placer is Canada's largest molybdenum producer.

Through a subsidiary, Placer has controlling interest in *Gibraltar Mines*, a low grade copper producer in British Columbia. There the third quarter loss is \$Cdn.28,000 (€215,050), following a loss of \$Cdn.97,000 in the second quarter and a profit of \$Cdn.23m, in the first quarter.

For the first nine months of the year, *Gibraltar's* net income is \$Cdn.676,000 compared with a loss of \$Cdn.10m in the first quarter of 1976, when operations were interrupted by a strike of 18 weeks.

Meanwhile, *Campbell Chlorine*, the Quebec chlorine producer, announces a loss in the September quarter of \$Cdn.409,000 (€204,300) compared with a loss of \$Cdn.233,000 in the corresponding quarter of 1976, when operations were interrupted by a strike of nearly 50 days. In the year to last June.

Nickel setback for Indonesia

THE SLUMP in world metal markets and technical start-up problems are delaying Indonesia's two largest nickel projects and dampening the country's hopes of becoming a leading nickel producer by the end of the decade.

P. T. Pacific Nickel Indonesia, a U.S.-Dutch consortium, and Canadian Nickel, who reckon that the problems will not erode long-term confidence in Indonesia's nickel potential, but will delay original plans for large-scale nickel production.

Most affected is Pacific Nickel's planned \$300m, to \$10m, (€553m) investment in mining and refining on the island of Irian Jaya.

Pacific Nickel, a consortium of U.S. Steel, *Hoogovens* (Hundem) and *Luxemburg*, had started work in 1976 on the start-up of a 50,000 tonne per year matte nickel refinery for a further extension of a two-year construction start-up postponement granted in February.

Guy Butler moves into Australia

Guy Butler (International) new company had been formed in Hong Kong and Mr. Macdonald left yesterday that a further opening was likely in Singapore in the near future.

Other recent expansionary moves by British-Burmey money brokers have been by *Akley Pearce* in Japan and *R.P. Martin* in the U.S.

It follows several other moves by various money brokers to establish themselves in South East Asia and neighbouring continents.

Final arrangements are expected in the next few weeks for Butler to acquire a 40 per cent stake in *Merpati Bank*, one of the first money brokers in Australia not affiliated to a stock broker. It was established seven years ago and specialises in the industry and "big" of exchange markets.

The attraction of the deal for MMD is that Butler will provide a link to international money markets which will at least have access to information. Moreover, MMD might be able to attract additional clients through Butler's established contacts with multinational firms, some of which operate in Australia.

Butler operates in similar areas of money broking to MMD in the more fully developed market in London. Mr. George Macdonald, who with *Brian Deebie* is a director of Australia to take a place on the MMD Board, said yesterday that Butler would be able to bring some new ideas to the MMD.

In the long term, he said, he hoped Australia would relax its restrictions on foreign exchange dealings. MMD would not be presiding the government to do so but would be very happy to help create a foreign exchange market if asked.

Last month, Butler announced a new company had been formed in Hong Kong and Mr. Macdonald left yesterday that a further opening was likely in Singapore in the near future.

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ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the box office

OPERA & BALLET	THEATRES	THEATRES	THEATRES
COLISEUM. Credit Cards 01-240 5258. Reservations 01-240 5181. <i>Opera National.</i> Tonight 7.30 The Tales of Hoffmann. Tomorrow 7.30 The Tales of Hoffmann. Wednesday 7.30 The Tales of Hoffmann. Thursday 7.30 The Tales of Hoffmann. Friday 7.30 The Tales of Hoffmann. Saturday 7.30 The Tales of Hoffmann. Sunday 7.30 The Tales of Hoffmann. All times subject to availability of seats.	ELLE of LUI. Tel. 01-437 2961. <i>Wagner's Lull.</i> Tuesday 8.00. Wednesday 8.00. Thursday 8.00. Friday 8.00. Saturday 8.00. Sunday 8.00. <i>Wagner's Lull.</i> Tuesday 8.00. Wednesday 8.00. Thursday 8.00. Friday 8.00. Saturday 8.00. Sunday 8.00.	NATIONAL THEATRE. 922 2252. <i>Queen's Gate, London SW1.</i> Tonight 8.00. Tomorrow 8.00. Wednesday 8.00. Thursday 8.00. Friday 8.00. Saturday 8.00. Sunday 8.00. <i>Queen's Gate, London SW1.</i> Tonight 8.00. Tomorrow 8.00. Wednesday 8.00. Thursday 8.00. Friday 8.00. Saturday 8.00. Sunday 8.00.	STRAID. Tel. 01-236 4411. <i>St. Martin's Lane.</i> Tonight 8.00. Tomorrow 8.00. Wednesday 8.00. Thursday 8.00. Friday 8.00. Saturday 8.00. Sunday 8.00.

CINEMAS ARE CONTINUED ON PAGE 7

MONEY MARKET

Small assistance

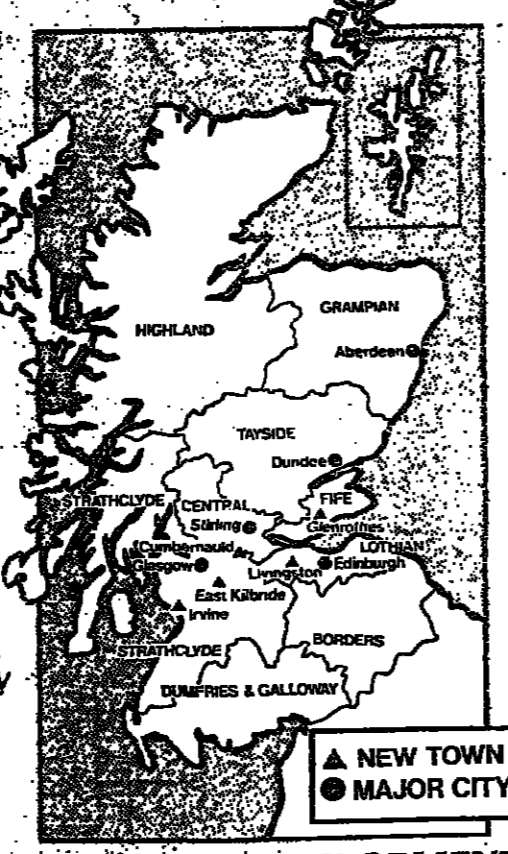
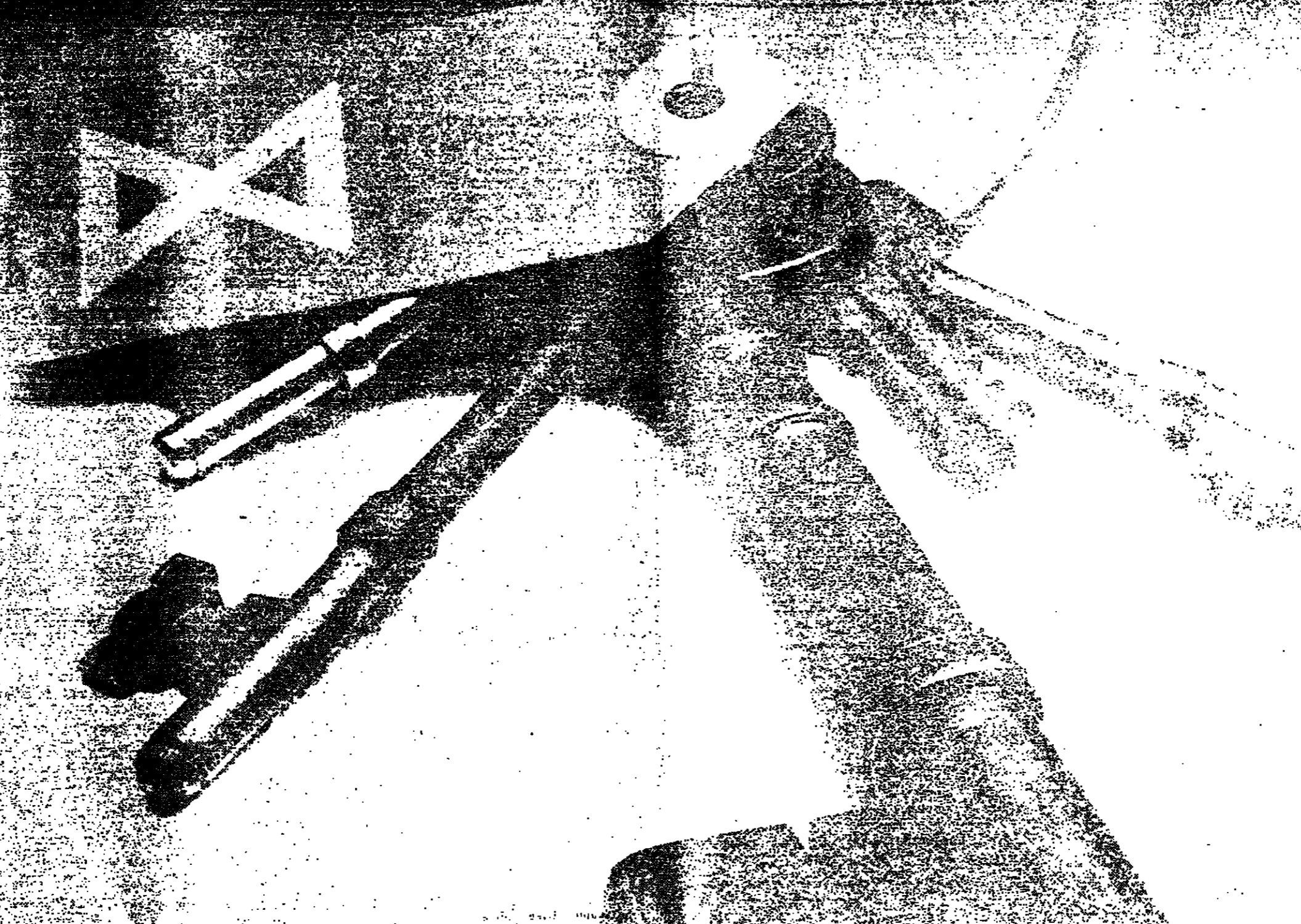
	Bank of England Minimum	London Interbank	3-month	6-month	9-month	12-month
Rate	5.00	5.00	5.00	5.00	5.00	5.00

Local authorities and other institutions have raised their borrowing rates for the week ending 10th Nov. The Bank of England's rate for Treasury bills is 5.00 per cent. The rate for 3-month Treasury bills is 5.00 per cent. The rate for 6-month Treasury bills is 5.00 per cent. The rate for 9-month Treasury bills is 5.00 per cent. The rate for 12-month Treasury bills is 5.00 per cent.

هذمان الاصل

مكازم الأعمال

THE KEY TO SCOTLAND'S INDUSTRIAL FRONT DOOR.



Now there's a recognisable front door to Scottish industry, with a new key.

The Scottish Development Agency is the shortest, most direct way to unlock Scotland's industrial potential.

With a budget in excess of £200 million, you'll find us very open about the financial help we can give and the industrial incentives we can provide. We'll advise you on communications and resources, on labour availability and housing. There is a possibility you could become eligible for the grant-free period of up to five years in an Agency Factory.

You'll find the Scottish Development Agency holds more than one key to sites and factories the length and breadth of Scotland.

Over 8 million square feet of industrial potential. In advance factories which exist, or are almost completed, and sites which are zoned for industry. From a little nest unit of 1,500 square feet to a massive industrial complex.

The agency is working closely with Local Authorities, New Town Corporations and Private Developers and we can, in fact, provide information on virtually every worthwhile factory or site in Scotland.

SCOTTISH DEVELOPMENT AGENCY FACTORIES

The following selection of Agency factories was available or planned in October (all sizes in square feet).

BORDERS

Coldstream (2 at 2,500); Eyemouth (10,000); Galashiels (2 at 2,500); Hawick (2 at 2,500); Innerleithen (2,000); Lauder (2,000); Selkirk (10,000).

CENTRAL

Allea (10,000); Alva (10,000); Bandeath (10,000); Stirling (2 at 2,500); Tillicoultry (2,500).

DUMFRIES AND GALLOWAY

Dalbeattie (4 at 2,500); Greta (2 at 3,000); Kirkcudbright (1,500); Newton Stewart (2 at 3,000/2 at 2,500); Stranraer (10,000).

FIFE

Anstruther (2 at 2,500); Cowdenbeath (4 at 2,500); Cupar (2 at 2,500); Kirkcaldy (10,000).

GRAMPIAN

Alford (2 at 2,500); Ballater (1,500); Bant (2 at 2,500); Buckie (10,000); Dufftown (2,500); Huntly (2 at 2,500).

STRATHCLYDE

Beith (10,000); Bellshill (47,000/58,000/20,000); Blantyre (70,000/52,000); Bothwellpark (2 at 20,000/157,000); Clydebank (20,000/2 at 10,000/53,000); Coatbridge (20,000).

GLASGOW

Cambuslang (27,000/15,000/2 at 11,000); Hillington (various 1,500 to 67,000); North Cardonald (116,000); Queenslie (various 10,000 to 50,000); Rutherglen (90,000); Shieldhall (25,000); Springburn Cowliars (various 2,500 to 18,000); Thornliebank (136,000/45,000); Inchinnan (various 20,000 to 53,000); Lanark (2,500); Larkhall (128,000); Newhouse (24,000/53,000); Paisley (17,000); Vale of Leven (25,000/15,000).

TAYSIDE

Alyth (2 at 2,500); Blairgowrie (2 at 2,500); DUNDEE; Baldovie (4 at 2,500).

NEW TOWNS

Factories ranging from nursery units of under 1,000 square feet to large advance units of 50,000 square feet are now available on the estates of the five Scottish New Towns: CUMBERNAULD, EAST KILBRIDE, GLENROTHES, IRVINE and LIVINGSTON.

AROUND THE REGIONS

An abundance of other sites and factories is available throughout Scotland including (all sizes in square feet):

HIGHLAND

Factories at Thurso (8,000); Castletown (1,500); Smithton (6,000); Dalcross (15,500); Fort William (4,000/2,000).

GRAMPIAN

Factories in the Aberdeen area, various including 2,500/3,500/6,000/10,000/20,000.

TAYSIDE

Factories at Dundee, various including 3,000/4,000/21,000; and Perth various including 3,000/4,000/50,000.

FIFE

Factories at Kirkcaldy 8,000/10,500; Lochgelly 10,000; Cupar 20,000; Glenrothes various 1,000 to 60,000; Inverkeithing various 10,000 upwards; Dunfermline 5,000.

LOTHIAN

Factories at Edinburgh, Broxburn, Whitburn, Bathgate, Loanhead and Tranent from 2,200 to 35,000 and warehouses up to 200,000.

BORDERS

Factories at Galashiels, Selkirk, Hawick, Tweedbank, Coldstream, Duns, Eyemouth and Kelso from 2,000 to 20,000.

CENTRAL

Factories at Tillicoultry various including 2,500/6,000/31,000; Stirling 1,300/2,500/12,000; Falkirk various including 5,000/10,000.

DUMFRIES and GALLOWAY

Factories at Stranraer, Newton Stewart, Dalbeattie and Greta from 2,500 to 10,000.

STRATHCLYDE

Total of 120 sites from 0.5 to 195 acres, plus six major strategic sites of over 500 acres at Cannerside, Glen Fruin, Newhouse, Warrick and Hunterston (North and South).

We've prepared special industrial information about sites and advance factories that are currently available for development.

Fill in the coupon below and we'll send it to you by return.

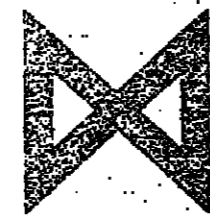
For more urgent information telephone James Gorie, Head of Information, at the number below, or Fiona Green on 01-247 8752.

TO: JAMES GORIE, HEAD OF INFORMATION
SCOTTISH DEVELOPMENT AGENCY
120 BOTHWELL STREET, GLASGOW G2 7JP.
Please send me a copy of your industrial information on Sites and Factories in Scotland.

NAME.....

COMPANY.....

ADDRESS.....



Scottish Development Agency

120 Bothwell Street, Glasgow G2 7JP.
Tel: 041-248 2700. Telex: 777600.

WE'LL OPEN UP FOR YOU IN SCOTLAND.

CONTRACTS AND TENDERS

Democratic and Popular Republic of Algeria

MINISTRY FOR INDUSTRY AND ENERGY

ENTREPRISE NATIONALE "SONATRACH"

Marketing Division

Domestic Market Department

International Invitation to Tender No. 2/77

In the framework of its construction programme for 31 integrated units for the distribution of oil products (fuel, tar, lubricants, GPL, etc.), an invitation to tender is being launched by SONATRACH for the Engineering Study, the supply of equipment, the construction and the starting into operation in Algeria of 7 units:

- 5 (five) I.L.D. integrated distribution units "secondary depots"
2 (two) I.L.D. integrated distribution units "primary depots"
1 (one) barrelling unit for GPL

The tender documents can be obtained now against payment of Dinars 200 from: SONATRACH - Division Commercialisation - Direction du Marché Interieur D.R.I. - Immeuble El-Djemila, 1 place El-Qods - HYDRA/ALGIERS (Algeria) Telex: DPI 57.799 DZ

Tenders should be sent in double sealed envelopes by registered mail to SONATRACH, address above, the inside envelope clearly addressed as follows: "A ne pas ouvrir - soumission - A.O.I. 2/77" by December 30, 1977 at the latest.

Tenders remain bound by their quotations for a period of one hundred and twenty days. Tenders which do not follow the above-mentioned indications will not be taken into consideration.

LEGAL NOTICES

In the HIGH COURT OF JUSTICE Chancery Division Companies Court, in the Matter of JARDEL FASHIONS LIMITED and in the Matter of The SHIRTED ACT, 1949. NOTICE IS HEREBY GIVEN, that a Petition for the winding up of the above-named Companies by the High Court of Justice was on the 2nd day of November 1977, presented to the court by the COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 98-101, Mark Lane, London EC3R 7JL, and that the said Petitioners are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 30th day of December 1977, and any creditor or contributory of the said Companies desiring to support or oppose the making of an Order on any of the said Petitioners must serve on or send by post to the said Petitioners a copy of the Petition and a copy of the Order to be made, and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Companies requesting such copy on payment of the regulated charge for the same.

COMPANY NOTICES

REPUBLIC OF SOUTH AFRICA 8 1/2% 1970/1982 UA 20,000,000 Loan NOTICE IS HEREBY GIVEN to bondholders of the above Loan that the amount redeemable on December 30, 1977, i.e. UA 1,300,000 Amount outstanding: UA 14,000,000 Outstanding drawn Bonds: none THE FISCAL AGENT KREDIETBANK S.A. Luxembourg 9, 1977

HARMONY GOLD MINING COMPANY (Incorporated in the Republic of South Africa) CIRCULAR TO MEMBERS AND NOTICE CONVENING A GENERAL MEETING OF THE SHAREHOLDERS

In his review of the outlook for uranium in the year ended 30th June, 1977, the Chairman expressed confidence in the uranium market and noted that the company should be prepared to meet the demand for uranium in the uranium market in the future.

ANCIENNES ENTREPRISES DECLOEY & FILS S.A. 11, avenue Franklin Roosevelt Registered in Brussels under nr 343.462 (Company in liquidation)

The shareholders of the company are asked to proceed to the exchange of their shares for the exchange of the company's shares in ANCIENNES ENTREPRISES DECLOEY & FILS S.A., 11, avenue Franklin Roosevelt, 1050 Brussels, will be delivered.

LINEAD LIMITED NOTICE IS HEREBY GIVEN that the share Transfer Books of the company will be closed from Saturday 19 November to Friday 2 December 1977 both dates inclusive, for the preparation of dividend warrants.

MOTOR CARS

CAR HIRE RANGE ROVERS and Land Rovers for hire in London and the Home Counties. London Airport or 01-954 1211 (Sounded) Lockers: 3234.

ART GALLERIES

ROY MILES GALLERY 6, Duke Street, St. James's, S.W.1 THE VICTORIAN ERA EXHIBITION Exhibition Now On

EXHIBITIONS

DOWN HOTEL HARGRAVE, Autumn Exhibition by ANN RAMSAY, until Nov. 13.

Brent Walker ahead

LEISURE group Brent Walker reports a substantial increase in sales for the 26 weeks to July 17, 1977. In excess of £400,000 is forecast for the full year and the directors state that prospects for 1978 appear remarkably encouraging and exciting.

Half-time drop at Clement Clarke

Pre-tax profit of dispensing opticians et al. Clement Clarke Holdings dipped £38,000 to £288,000 in the half year ended June 30, 1977, on turnover ahead from £2,920,000 to £3,466,000.

Whitbread static at £25m mid-term-outlook mixed

AFFECTED BY industrial action, the cold wet summer and a decrease in consumer spending power, group profits of Whitbread and Co. were virtually static at £25.2m, against £25.2m, in the six months ended August 27, 1977. Prospects for the second half are mixed and the directors look to a better year in 1978-79.

Whitbread static at £25m mid-term-outlook mixed

new overseas markets, and changes to show increased sales. Profits in the U.K. sales of the Long John brand are now running at almost double last year's. Earnings per share for the half are shown at 5.3p (4.8p) fully diluted. The interim dividend is 1.1475p (1.0275p) net and there is 17.02% of 1977. The total paid for that year was 3.32p from profits of £42.6m.

Scot Widows surrender values raised

The Scottish Widows' Fund and Life Assurance Society has improved its surrender value scales, including the cash value of accrued bonuses, across the whole range of its contracts with effect from November 1. The increases on previous values vary from 5 to 25 per cent, the highest rises occurring at short durations for whole life annuities and longer term assurance policies.

Scotcros near £0.5m. halfway

DURING A period of intense investment for long-term growth, pre-tax profits of Scotcros expanded some 28 per cent from £372,000 to £478,000 for the six months to September 30, 1977, on sales higher at £9,320,000 against £7,760,000.

Hartwells at £0.9m. so far

with-profit endowment assurance taken out in 1967 for £1,000 will now receive £479 on surrender compared with £484 previously.

Arthur Bell to spend more

Increased capital spending is planned by scotch whisky distillers Arthur Bell and Sons for 1977-78. At June 30 this year, capital commitments indicate a

Winding-up orders

Orders for the compulsory winding up of 48 companies have been made by Mr. Justice Templeman in the High Court. They were: Rivermill Fyfford, Pioneer Haverly, Watford Chemical Company, Eraring Knitwear, Colin Waite, Rawlston Advertising, L. and S. Jewellers (London), Leonard Green (Hastings), Ron-Rose, Rove Foys Investments, Watchstream, Jaz and Co. (Garments), S. and K. Cellinzs, Wallasea Harbour and Leisure Equipment Supplies, Dutton and Preston (Wholesale) Artex, Standon, Reth Industrial Stove-Enamellers, Taurus Properties, W.R.F. (Holdings).

Vehicle Distributing and Bulk Fuel Oil concern Hartwells Group almost doubled taxable profit from £470,000 to £900,000 in the six months ended August 27, 1977.

Turnover jumped £10m to £33.2m, and directors say that bearing in mind the shortage of vehicles experienced in the period the result is "very satisfactory". The Ford and Leyland franchises and the oil company all showed improvements. Activities outside of car and commercial vehicles sales contributed more than 60 per cent of profits.

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London Clearing Banks' balances as at October 19, 1977

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Courts, a subsidiary of National Westminster but a clearing bank in its own right.

Table 1: AGGREGATE BALANCES. Includes columns for Total outstanding, Change on month, and sub-totals for Liabilities and Assets.

Table 2: INDIVIDUAL GROUPS OF BANKS' BALANCES. Includes columns for Total outstanding, Change on month, and sub-totals for Liabilities and Assets for various banks.

Table 3: CREDIT CONTROL INFORMATION (Parent banks only). Includes columns for Eligible liabilities, Reserve assets, and Reserve ratio.

Banking figures

(as table 9 in Bank of England Quarterly Bulletin) ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

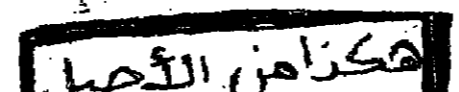
Main banking figures table with columns for Oct. 19, 1977, Change on month, and sub-totals for Liabilities, Assets, and Reserve Assets.

Banking figures

(as table 9 in Bank of England Quarterly Bulletin) ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

Main banking figures table with columns for Oct. 19, 1977, Change on month, and sub-totals for Liabilities, Assets, and Reserve Assets.

Special deposits at October 19 were £1,135m. (up £26m) for banks and £9m. (unchanged) for finance houses. *Interest-bearing eligible liabilities were £26,321m. (up £506m).



INTERNATIONAL FINANCIAL AND COMPANY NEWS

EUROPEAN COAL AND STEEL ISSUE

A sterling Eurobond

BY MARY CAMPBELL, EUROMARKETS EDITOR

THE £15m. (about \$27m.) Eurobond issue launched last night by the European Coal and Steel Community and the other sterling-denominated Eurobond issues which are believed to be on the launching pad, are the culmination of several months of discussions between potential borrowers, leading British investment banks and the Bank of England.

The possibility of sterling-denominated Eurobond issues emerged this year for the first time since 1972 after the transformation of foreign investors' views of the medium term prospects for sterling towards the end of last year. However, for some months the high cost of sterling long-term money by comparison with long-term borrowing in other currencies was a deterrent to borrowers, there was plenty of liquidity in other sectors of the international bond market. While the strength of sterling in the short term against other currencies was also offsetting for borrowers.

Now the situation is different. Sterling long term interest rates have come down substantially, while rates in other currencies have started to ease upwards. Sterling seems to have peaked out, for the moment at least, while the borrowing options have narrowed: the U.S. dollar sector of the Eurobond market, traditionally the largest single source of funds for international borrowers, has been all but closed for several weeks following sharp money market interest rate rises and a big shake-out in prices of Eurobonds on the secondary market.

Meanwhile, discussions between leading merchant banks and the Bank of England on the technicalities of an issue were progress-

ing. The issue announced last night was not the first Eurobond to be denominated in sterling—there had been one in 1972, £10m. for Amoco.

The Bank of England was anxious to ensure that the problems which this issue had caused in exchange control matters should be ironed out before further issues were made, while there were technical problems associated with trading in the Amoco issue which traders were anxious to ensure should not be repeated.

The exchange control problem arose from the fact that the Amoco issue was a foreign currency security for British residents were required to buy premium currency in order to invest in sterling bonds. However, because it was denominated in sterling, there seems to have been considerable confusion, and apparently bonds were in some cases paid for with ordinary sterling.

Hence the fact that this issue is technically dual currency, with investors having the option to receive interest in dollars should they so choose. The inclusion of the dollar option means that there can be no question but that the issue is a foreign currency security for British exchange control purposes.

The problem of the 1972 Amoco issue for Eurobond traders in London was that they were technically required to finance any bonds they held for trading purposes by borrowing non-sterling currency, thus incurring an exchange risk. Although the final technicalities have still to be sorted out, it is understood that the Bank of England is to allow London

traders to borrow sterling from non-residents in a special controlled account for the purposes of financing such holdings.

The attractions for the authorities of a thriving sterling Eurobond market (the word "Eurosterling" is not favoured) are mixed. A major aim of Bank of England policy in recent years has been to reduce the international role of sterling—and the development of what is effectively an offshore market in sterling securities could go against this. With a view to cutting back such a development as much as possible, the authorities are expected to favour issues where proceeds are to be invested in the U.K. except in the case of borrowing by British companies). However, it seems that no clear rule on this matter has been laid down. In the event, what may have swung the authorities into allowing the development of a market in London under the eyes of the Bank isues outside London are being discouraged and the lead or co-lead manager for each sterling Eurobond issue should be a U.K. authorised bank.

Apart from Warburg's the lead manager, the management group for the current ECSC issue consists of Banque de Paris et des Pays Bas, Banque Bruxelles-Lambert, Calsonic de Depots et de Consignations, Credit Suisse, Deutsche Bank, Dresdner Bank, Hill Samuel, Morgan Stanley and N. M. Rothschild. The average life of the issue is 9.3 years.

Swedish steel merger proposed

By John Walker

STOCKHOLM, Nov. 8.

THE SWEDISH Government announced today that it proposes to form a semi-state-owned steel company which is aimed at saving the crisis-ridden commercial steel concern in Sweden. High domestic wages and cut-throat competition abroad have been the main factors.

The new company is to be called Swedish Steel AB, and will take over some of the assets in the steel companies concerned. These are the state-owned Norrbottnens Järnverk NJA, Gränges Östlångudal Steel Works and Stora Kopparbergs Domnarvets works.

The state will have 50 per cent of the shares in the new concern and Stora and Gränges will have 25 per cent each. The number of shares in the company will be 17,000, which means that some 3,000 employees will have to be made redundant in a comparatively short time. The number remaining will be about 4,900 in NJA, 6,350 in Stora Kopparberg and 5,700 in Gränges.

The Government proposes that support amounting to Kr.1.5bn. should be made available during the coming 13 years. At the same time, it will make available a loan of Kr.3.1bn. The Government's proposal will be debated in the Riksdag during December. It is expected that there will be a squeeze on some of the small commercial steel producers in central Sweden. It is expected that the Government will announce plans for the special steel sector which will also receive aid, which has been estimated at Kr. 1.3bn.

AMERICAN NEWS

Steel giants to merge

BY JOHN WYLES

NEW YORK, Nov. 8.

THE PROPOSED merger which will create America's third or fourth largest steel company was approved in principle today by the Boards of Lykes Corporation and LTV Corporation.

After this endorsement of the merger, which was announced last Friday, Mr. Paul Thayer, LTV chairman, and Mr. Chester Ferguson, Lykes' vice-chairman, said that their directors believed the link-up would be in the best interests of the shareholders of both companies and would greatly strengthen the competitive position of LTV and Lykes in the steel industry.

The two executives claimed that the combination would be "an exceptionally good fit," providing the production and other efficiencies to improve profit margins and better equip us to compete successfully within the industry and with imported steel.

The statement added that Mr. Thayer will be chairman and chief executive officer of the new company, and Mr. Ferguson vice-chairman.

Meanwhile, analysts are trying to form their own judgment as to whether the merger will provide the "exceptionally good fit" which was claimed to-day. Generally it is thought that the new company will be able to enjoy economies on transport and raw materials acquisition, and that it will have significantly greater pricing strength than the separate Lykes subsidiary, Youngstown Steel and Tube Company, and LTV's Jones and Laughlin.

The proposal still has two major hurdles to clear. Major leaders will be briefed tomorrow on the implications and opportunities offered by the combination, which will yield, according to some estimates, a long term debt of \$1.7bn. It is thought that the present feeble state of the American steel industry and the bleak prospects facing Lykes in particular will help win the approval of the lending institutions.

The second obstacle to overcome is the Justice Department's Anti-Trust Division, and here it is thought that the companies will depend on the "falling company" doctrine which provides for exceptions to anti-trust laws when a company is in danger of going out of business as a separate entity.

Their case is not meant to imply, however, that Lykes is in jeopardy without the merger, but merely that it would have

to sell off some operations unless the merger goes through.

Lykes announced a pre-tax loss of \$150m. for the third quarter last Friday, which included a \$138m. charge for the closure of operations at Youngstown, Ohio. In the same quarter, LTV reported a loss of \$47m and net income for the nine months of \$89,000, compared with \$34.5m. last year.

Under the merger proposal, each share of Lykes common stock would be converted into 1.25 shares of LTV common stock, while Lykes' outstanding preferred stock would be converted into appropriate LTV securities on terms yet to be determined. The value of the securities to be exchanged has been put at \$200m. in unofficial estimates.

Chrysler loses Avis contract to GM

CHRYSLER CORPORATION was today dealt a blow from an unexpected quarter with the announcement that Avis, one of America's top ten car rental companies, is to switch to General Motors for supplies of its vehicles, John Wyles writes.

The deal with General Motors was revealed today by Mr. David Mahoney, chairman and chief executive of Norton Simon Inc., which acquired Avis in the summer. Avis has been supplied by Chrysler since 1965, and the new agreement with General Motors, which becomes effective from September 1 next year, is the first major change of policy since the company came under the Norton Simon umbrella.

Apart from saying that "it is a better deal for us," Avis offered no real explanation for ending its relationship with the number three American car manufacturer. However, informed speculation in New York this afternoon argued that Norton Simon may be injecting enough money into the company to finance not only a change of the supplier but also of its car ownership policy.

Unlike its major rival Hertz, which buys virtually all of its vehicles, Avis has traditionally leased more than half its rental fleet from Chrysler—the Georgia leased fleet last year amounted to 38,000 vehicles. Analysts estimate that it is possible that Avis will now buy a far higher proportion of its fleet, and moreover, the few of the 17 bank holding companies queried have disclosed agreement with GM provide of favourable loan terms either to vehicles and not just for the officers or corporate borrowers.

U.S. as did the Chrysler arrangement. Hertz, which has a main factory in the same town as Avis, has always argued that it is more economically advantageous to own than to lease. It has set up an efficient sales network which has in recent years enabled it to sell up to 80 per cent of its used cars to individual buyers.

Chrysler tried to put a brave face on Avis' defection to-day, claiming that it would make up for the loss by increasing its business with other major rental companies. Quite apart from revenue loss, however, which may be as much as \$180m. a year, Chrysler will be losing the benefit of the Avis corporate advertising. Chrysler's statement added that the loss of Avis would have "no adverse effect on Chrysler Corporation from either a volume or a profit point of view."

An additional factor which may have encouraged Avis to make this move is that Chrysler's car range may be narrowed in the next few years, and that it will have fewer intermediate-sized cars to offer than GM. Avis has pulled out of the heavy truck business, and such a requirement for such vehicles, according to Mr. Mahoney, will cover "almost all of Avis' vehicle requirements." The company's worldwide rental fleet in 1976 stood at 73,300 vehicles with leases adding a further 40,100. Including trucks, the world-wide rental fleet was 143,500 units.

Bank loans inquiry

THE SECURITIES AND Exchange Commission has so far failed to uncover much evidence that offering cut price loans to executives of corporate clients is a widespread practice in the bank industry, John Wyles writes.

The SEC launched its probe in the wake of the Bert Lance scandal, and the associated revelations that the former Budget Director had enjoyed overdrafts and loans at favourable interest rates from correspondent banks when he was a top banker in the Georgia State Bank in Nashville, after being pleaded guilty to Federal charges of illegal business practices. He has settled to the SEC charges by consenting to court injunction barring him from future violations of Federal Securities law, but it is still a mystery as to why he mounted the sham takeover.

SEC ends mystery bid for film-maker

By Our Own Correspondent

NEW YORK, Nov. 8.

THE MOST bizarre takeover story of the year, appropriately the target was 20th Century Fox, has been brought to a conclusion by the SEC.

Leading the cast of characters was Mr. Claude Cockrell, who sent a tremor through Wall Street early last May with an announcement that he and a group of investors were planning a takeover of the famous film company whose pre-tax earnings from the film "Star Wars" last year were more than \$40m. this year.

In a suit filed in a Federal Court in Washington the SEC says that Mr. Cockrell made a number of "false and misleading" statements about the takeover. These included claiming he and a group of 13 U.S.-born Canadian businessmen, already owned more than 20 per cent of Fox's stock and was prepared to spend \$20m. on the takeover. In fact, says the SEC, no such group ever existed. Those included in the list of investors were working with Mr. Cockrell and they jointly owned a total of 40 of the film company's then outstanding 7.6m. shares. The SEC says that Mr. Cockrell had a holding of 100 shares purchased "on or about" the date of his first announcement.

Mr. Cockrell is now back in State prison in Nashville, after being pleaded guilty to Federal charges of illegal business practices. He has settled to the SEC charges by consenting to court injunction barring him from future violations of Federal Securities law, but it is still a mystery as to why he mounted the sham takeover.

New chief for Sears Roebuck

SEARS ROEBUCK, the world's largest retail company, has chosen as its next chairman a senior executive with solid store management experience but less than two years' service in the company's headquarter behind him.

While not an outsider, 59-year old Mr. Edward R. Telling was second or third favourite in the field of five for the top job. But at a meeting of the company's directors in Chicago it was chosen in preference to Mr. A. Dean Swift, Sears president, who had been widely tipped as the favourite.

New broking merger

THE inexorable trend toward consolidation in the U.S. securities industry has swept in an additional two broking companies, writes John Wyles.

Janney Montgomery Scott Inc. a long-established Philadelphia securities company, is to join forces with Koppin Watson Inc. a New York based firm.

Both companies are privately owned and predominantly retail oriented, and because of the modest size will be vulnerable as the Securities and Exchange Commission is proposing restrictions on trading off the floor of the New York Stock Exchange and removed.

Swiss Bank rights issue

By John Wicks

A CAPITAL INCREASE by Sw.Frs.158m. is to be recommended by the board of Swiss Bank Corporation, Basle, to an extraordinary general meeting to be held on January 10 next.

The increase, which will bring total equity—share and participation-certificate capital plus published reserves and carried-over profits—up to Sw.Frs.3.41bn., is necessary in view of the expansion of business volume. As of September 30, 1977, the bank's total assets had risen to Sw.Frs. 55.65bn., as compared with Sw.Frs.52.78bn. at the end of calendar 1976.

The capital increase will be in the form of a one-for-ten rights issue on registered shares, bearer shares and participation certificates.

CFP warns on oil crisis

BY DAVID CURRY

PARIS, Nov. 8.

THE MOST draconian warning yet that the crisis in refining and marketing threatens the existence of the European oil industry has come from the chairman of Compagnie Francaise des Petroles (CFP) one of France's big two oil groups.

The alarm is sounded by M. Rene Granier de Lilliac following the failure of the recent EEC Energy Ministers Meeting to respond to the demands of five European companies and notably of the French and Italian Governments, in response to the over-capacity in refining by installing a system of notification of intention to construct new refining capacity and agree to the establishment of minimum prices at the refinery gate.

The initiative has been taken by five companies: CFP, Total, Elf Aquitaine, ENI of Italy, and Petrofina of Belgium and Veba of Germany. The companies have warned that if Community measures are not taken, national marketing will become inevitable. Veba, although associated with the others in the move, is more reticent because of the German Government's refusal to support its case for intervention in the market.

In countries like France, Britain, Italy and Benelux where price controls ruled, the oil companies had not been able to recover fully the increased cost of crude following the 1973 oil price crisis. From 1975 on, the decline in international prices and the general recession leading to excess shipping and refining capacity. Fiscal anomalies made a joke of company petition while imports made the situation even more perilous.


There was a "sterile and mere" less price war," the CFP chairman writes.

Singapore subsidiary for First Boston

FIRST BOSTON Corporation has formed a new Singapore subsidiary, First Boston (Asia), to conduct a securities and investment banking business in South East Asia.

The new subsidiary has received approval from the Monetary Authority of Singapore to conduct such business and to operate an Asian currency unit. It is the first American-owned investment banking firm to receive approval to operate an Asian currency unit.

All these securities have been sold. This announcement appears as a matter of record only.



November 2, 1977

\$50,000,000

Republic of Finland

8 3/4% External Loan Bonds Due 1992

Smith Barney, Harris Upham & Co. <small>Incorporated</small>	Goldman, Sachs & Co.	Merrill Lynch, Pierce, Fenner & Smith <small>Incorporated</small>	Salomon Brothers
The First Boston Corporation	Kuhn Loeb & Co. <small>Incorporated</small>	Bache Halsey Stuart Shields <small>Incorporated</small>	Drexel Burnham Lambert <small>Incorporated</small>
Blyth Eastman Dillon & Co. <small>Incorporated</small>	Dillon, Read & Co. Inc.	Kidder, Peabody & Co. <small>Incorporated</small>	Loeb Rhoades & Co. Inc.
Hornblower, Weeks, Noyes & Trask <small>Incorporated</small>	E. F. Hutton & Company Inc.	SoGen-Swiss International <small>Corporation</small>	Wertheim & Co., Inc.
Lazard Frères & Co. <small>Incorporated</small>	Lehman Brothers <small>Incorporated</small>	Bear, Stearns & Co.	Shearson Hayden Stone Inc.
Paine, Webber, Jackson & Curtis <small>Incorporated</small>	Reynolds Securities Inc.	Daiwa Securities America Inc.	Hill Samuel Securities Corporation
UBS-DB Corporation <small>Incorporated</small>	Warburg Paribas Becker <small>Incorporated</small>	The Nikko Securities Co. <small>International, Inc.</small>	Scandinavian Securities Corporation
White, Weld & Co. <small>Incorporated</small>	Dean Witter & Co. <small>Incorporated</small>	Bank of Helsinki <small>Limited</small>	Kansallis-Osake-Pankki
L. F. Rothschild, Unterberg, Towbin	Shearson Hayden Stone Inc.	Postipankki	Union Bank of Finland <small>Limited</small>
Yamaichi International (America), Inc.	Daiwa Securities America Inc.		
EuroPartners Securities Corporation	Robert Fleming <small>Incorporated</small>		
Kleinwort, Benson <small>Incorporated</small>	New Court Securities Corporation		
Nomura Securities International, Inc.	Scandinavian Securities Corporation		

Siemens hopes to maintain dividend

BY ADRIAN DICKS

RONN, Nov. 8.

SIEMENS ANNOUNCED today that it hopes to maintain a dividend of DMS per DMS8 share this year. Under the terms of the new corporation tax reform, this would mean a total payout to West German shareholders of DMS plus DMS4.50 tax credit, and would correspond to DMS27m. in dividends being paid in all.

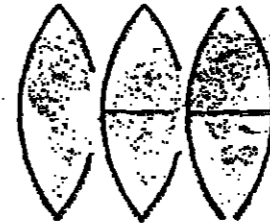
After a meeting of the company's supervisory board and executive board in Munich, Siemens also announced that its

sales and new orders booked both surpassed the DM 3bn. (€5.1bn.) mark. This was in large measure due however, to the consolidation for the first time in group results of Kraftwerk Union and Tris-Informations Union during the last nine months of the year ended September 30, 1977.

World turnover, including rest of the Siemens group RWU and TI, rose to DM25.2bn., achieved a 5 per cent increase with over half of the new orders received coming from export customers. Total new orders amounted to DM25.7bn. These

figures represented increases of 21 per cent and 17 per cent respectively. Leaving out the contributions by the two newly consolidated companies, which Siemens bought control of from ARG Telefunken a year ago, the picture looks less favourable.

The Siemens group achieved a 5 per cent increase in turnover, comparable to its performance in 1976, and a 7 per cent increase in new orders compared to 1 per cent in 1976.



C. E. Heath & Co. Limited

INTERNATIONAL INSURANCE BROKERS REINSURANCE BROKERS AND UNDERWRITING AGENTS

INTERIM REPORT 1977/8

Unaudited results for the six months to 30th September 1977

Comparative results	Six months to 30th September		Percentage increase	Year to 31st March 1977
	1977	1976		
Net Brokerage Income	£3,401	£2,249	+51%	£4,478
Net Underwriting Income	1,903	1,284	+48%	3,567
Operating Profit	5,468	3,692	+48%	11,454
Net profit attributable	2,533	1,692	+50%	5,784
Earnings per share	8.3p	6.3p		21.9p

- Total Group profit before tax is £5,442,000 (1976 £3,850,000) an increase of 49%. An Interim dividend of 1.452p per share net will be paid on 5th January 1978. This is equivalent to 2.2p gross (1976 - 2.0p gross) and in the event of any relaxation of dividend restraint a substantially increased final dividend would be recommended.
- Our insurance broking income was £7.77 million which is an increase of 34%. These figures are not enhanced by gains from currency fluctuations and therefore represent a solid achievement. The continued development of our UK operations is most encouraging and our Overseas insurance broking operations are showing further improvement.
- Lloyd's underwriting profit commission is excluded from these interim figures. We have already forecast a loss for the 1975 account (albeit much smaller than for 1974) and expect that 1976 will break even. Our Agencies company, which underwrites outside Lloyd's, is showing good progress and the Australian underwriting operation is also continuing to progress satisfactorily.
- Total investment income of £1,907,000 reflects higher interest rates in Australia and the USA.
- Despite the recent revaluation of sterling we are confident that substantial real growth will be achieved in the second half of the year.

F.R.D. HOLLAND, Chairman

Copies of the full Interim Report are available from the Secretary, C.E. Heath & Co. Limited, Gifford Heath House, 151-154 Minster, London EC3N 1NR. Telephone 01-493 2489

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INTERNATIONAL FINANCIAL AND COMMODITY NEWS

EDMUND TERM CREDITS

Trends confirmed by new loans

BY FRANCIS GHILIS

TREND witnessed in recent months in the medium term credit market (fall in spreads, lengthening of maturities and ever finer...

1976, at least in the medium term market. The last major loan raised by Denmark was last July. That \$600m. seven year credit...

case in the past be led by a major French bank. The borrower does not need the funds until next year, but feels no doubt that it is worth...

raise \$150m from international banks. The maturity of the loan will be five years with an option to renew for a further two years.

Marra Dev. meeting to be continued

By James Forth

THE ANNUAL MEETING of the troubled pastoral company Marra Developments dragged on for a marathon night and...

After the merger, Marra's rural properties were heavily written down, which resulted in a \$26.5m loss in 1977, and the Board has been selling properties to reduce the debt...

Barlow Rand dividend up

BY RICHARD ROFFE

JOHANNESBURG, Nov. 8

THE PRELIMINARY figures performed the industrial side, the initial impact on earnings from Barlow Rand, South Africa's biggest industrial group...

This rise, in turn, would owe something in the first-time inclusion of the Fuchs group and...

Setback at Rand Mines RANM MINES Properties, the property arm of Barlow Rand, which owns extensive tracts of land immediately south of...

Tiger Oats R11m. deal

TIGER OATS has announced details of the acquisition terms for Adeco-Ingram Investments, Central Johannesburg, has...

Recalled from the listed subsidiary, combined with the times earnings, and Tiger Oats has arranged to buy sufficient extra shares to enable it to continue to attract stock market interest because of its gold production. TIGER Oats has a strong growth track and though profits...

Island and Peninsular upsurge

By Wong Sulong

KUALA LUMPUR, Nov. 8. ISLAND AND PENINSULAR, a Malaysian plantation, mining and construction company, has reported bumper half-yearly results. With pre-tax profits of 10.2m, ringgits for the months ending September, the company's sales of over 21.7m, ringgits, is more than the 3.5m...

Shipbuilders' fortunes vary

BY YOKO SHIBATA

TOKYO, Nov. 8

JAPAN'S FIVE MAJOR shipbuilders, Mitsubishi Heavy Industries, Ishikawajima Harima Industries, Hitachi Shipbuilding and Industries, Mitsu Engineering and Shipbuilding and Kawasaki Heavy Industries have announced widely varying interim results for the six months ended last September.

Mitsui Engineering and Shipbuilding appears to have produced the poorest results, since its shipbuilding division was responsible for 58 per cent of its losses. Orders for shipbuilding are coupled with under-used capacity, the company's pre-tax profits were slashed by 50.8 per cent to ¥4.8bn. After tax profits were ¥1.9bn (down 51 per cent) on sales of ¥152bn (down 3.9 per cent).

Shipbuilding placed fifth among the business divisions of Kawasaki Heavy Industries, but losses were generated by other divisions such as machinery (including exchange losses of ¥800m, on motor cycle exports, sales were 2.7 per cent lower at ¥256bn, while pre-tax profits dropped 4.9 per cent to ¥7.8bn, after tax profits were down 30.3 per cent to ¥4.5bn.

Shippon Light loss-cut SHIPPON LIGHT METAL announces an after-tax loss of 1.38bn, (loss ¥5.64bn) for the first half ended September 30, sports Reuter from Tokyo. Sales 105,97bn, (¥111,558bn). Interim dividend nil (same).

Textiles slump hits Kuraray KURARAY Company, a major Japanese synthetic fibre maker based in Osaka, made a ¥3.25bn net loss in the half-year ended September 30, following a net profit of ¥14m in the same period last year, AP-DJ reports from Tokyo.

Suruga Engineering and Manufacturing SURUGA Engineering and Manufacturing Company, a maker of engineering systems for export, bankruptcy with liabilities at about ¥500m, a private credit inquiry agency, Teikoku Kushinsho, said yesterday.

Shionogi profits up SHIONOGI and Co. net profits in the half-year to September 30 rose 41 per cent to ¥2,114bn, from ¥2,205bn, in the same period last year, AP-DJ reports from Tokyo.

Custom Credit and Esanda profits up ESANDA AND CUSTOM Credit Corporation - two of Australia's largest bank-owned finance companies - performed strongly in 1976-77, writes James Forth.



THOMSON-BRANDT

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The English versions of the Report and Accounts of the Thomson-Brandt Group and of Thomson-CSF 1976 are now available.

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Instituto de Recursos Hidraulicos y Electricacion

US \$8,000,000 project finance loan

Guaranteed by The Republic of Panama

Managed by Amex Bank Limited

provided by American Express International Banking Corporation

Canadian Imperial Bank of Commerce International Commercial Bank Limited Trade Development Bank Overseas Inc.

Agent Bank American Express International Banking Corporation

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

Table with columns for Bond Name, Bid, Offer, and other financial indicators. Includes sections for STRAIGHTS, FLOATING RATE NOTES, CONVERTIBLES, and NOTES.

NOTICE OF REDEMPTION To the Holders of RICHARDSON-MERRELL OVERSEAS FINANCE N.V.

Guaranteed Debentures Due December 15, 1985. NOTICE IS HEREBY GIVEN that pursuant to the provisions of the Indenture dated as of December 15, 1976...

Table listing Debentures of \$1000 Each with columns for CUSIP, Issue Date, Maturity Date, and other details.

On December 15, 1977, the Debentures designated here will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with all coupons-appertaining thereto maturing after the redemption date...

WALL STREET OVERSEAS MARKETS + FOREIGN EXCHANGE RISES SHARPLY

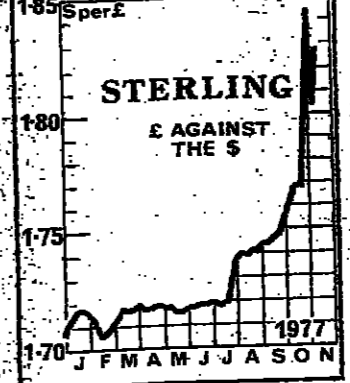
BY OUR WALL STREET CORRESPONDENT

THE RALLY spanning the past three business days on Wall Street... The Dow Jones Industrial Average was still 0.17 percent on the day at 312.77, after touching extremes of 311.29 and 313.81, but the NYSE All Common Shares finished 11 cents higher at \$30.78, after \$30.41. Gains finally held a lead over falls of 784 to 539.

decline was attributed to the... The rally was attributed to the decline of the market... The Dow Jones Industrial Average was still 0.17 percent on the day at 312.77, after touching extremes of 311.29 and 313.81, but the NYSE All Common Shares finished 11 cents higher at \$30.78, after \$30.41. Gains finally held a lead over falls of 784 to 539.

NEW YORK Nov. 8... COPENHAGEN—Market slipped further in moderate activity... STOCKHOLM—Irregular... MILAN—Market remained easier... HONG KONG—Firm on short covering in moderately active trading with interest mainly in Blue Chips.

STERLING rose 2.53 cents in the foreign exchange market yesterday... GOLD fell \$1 to \$161-9161.



FOREIGN EXCHANGES

City	Rate	City	Rate
London	1.85	Geneva	1.85
Paris	1.85	Frankfurt	1.85
Brussels	1.85	Amsterdam	1.85
Stockholm	1.85	Copenhagen	1.85
Milan	1.85	Madrid	1.85
Bombay	1.85	Calcutta	1.85
Delhi	1.85	Rangoon	1.85
Singapore	1.85	Manila	1.85
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AGRICULTURE AND RAW MATERIALS

Sugar price lowest for 1/2 years

Our Commodities Staff
FOLLOWING confirmation of the fact that Peru has sold 10,000 tonnes of raw sugar to U.S. buyers for immediate shipment at prices ranging down to 10 cents a pound, the London price for raw sugar was fixed on Monday's level at 10.10. This is the lowest since early 1973.

U.K. fishermen 'cheated' out of Norway cod

BRITISH FISHERMEN claim they have been cheated by their EEC partners over fishing rights within the Norwegian sector of the North Sea.
Norway ordered a halt to EEC cod fishing in its 200-mile zone from midnight on Saturday because the catch had reached 25,000 tonnes above the quota it had set for the EEC.

Milk levy doubts cleared up

ONLY PART of the Italian dairy industry is to be exempt from the 1.5 per cent 'responsibility' levy on Common Market milk producers to help pay for the cost of disposing of the EEC's dairy surpluses.
This was made clear here today by EEC officials in response to suggestions that the Italian dairy industry was being left off the responsibility levy.

MONETARY COMPENSATORY AMOUNTS

'No changes without farm price cuts'

ANY SCHEME to phase out the Common Market's monetary compensatory subsidies on U.K. food imports must be linked to a reduction in the EEC's notoriously high common farm prices, Mr. John Silkin, Britain's Minister of Agriculture, told the Council of Ministers here today.
Mr. Silkin was commenting on the British Commission's latest plan for the gradual but automatic phasing out of monetary compensatory amounts over seven years.

No harm in wool sales

MELBOURNE, Nov. 8. AUSTRALIAN Wool Growers (AWG) denied reports that recent sales from its flock in Europe have undermined Australian floor price scheme reduced auction prices.

Herring concession

BRITAIN yesterday conceded a small breach of the current ban on herring fishing in the North Sea and the English Channel, which will allow a 600 tonne catch to Picardy and Normandy fishermen before the end of the year, writes Margaret van Hattem in Brussels.

Sunflower crop estimate cut

THIS YEAR'S Soviet sunflower seed crop is likely to be nearer 6.5 million tonnes, according to the latest assessment by the Hamburg-based weekly publication Oil World.

Call to step up tin output

THE MALAYSIAN Government today called on tin producing countries to step up output to meet the world shortage of the metal. It said that present record prices could force consumers to turn to substitutes.

Brazil 'cuts coffee discounts'

BRASIL is reported to be trimming the unofficial discounts it has been giving to some coffee customers. The reductions are said to be part of its recent agreement with Colombia.

Grains

LONDON FUTURES (C&F)—Market closed higher on wheat and medium on barley, A&I reported. Wheat found commercial and speculative support and mainly because of a lack of better values improved up to 70 points, where some shared rallies. Wheat however, and closed firm. Barley was mixed, with a few gains of up to 20 points, but mostly because the market closed steadily increased to 10 higher.

PRICE CHANGES

Table with columns for various commodities like Metals, Oils, Grains, and their price changes. Includes sub-sections for U.S. Markets and Grains ease - precious metals gain.

COMMODITY MARKET REPORTS AND PRICES

Table with columns for Base Metals, Coffee, Sugar, and Wool Futures, listing prices and market movements.

A FINANCIAL TIMES SURVEY MEAT AND POULTRY DECEMBER 5 1977

The Financial Times is preparing to publish a Survey on Meat and Poultry. The provisional editorial synopsis is set out below. For further details of this and of advertising rates contact: Anthony J. Brown, Financial Times, Bracken House, 10 Cannon Street, London EC4A 3DF. Tel: 01-248 8000 Ext. 7181. Telex: 835033 FINTIM G

EEC offers milk as food aid to India

BRUSSELS, Nov. 8. The EEC Commission has put forward plans for a seven-year food aid project which it says will help stimulate India's domestic milk output and improve living conditions.

Grains

LONDON FUTURES (C&F)—Market closed higher on wheat and medium on barley, A&I reported. Wheat found commercial and speculative support and mainly because of a lack of better values improved up to 70 points, where some shared rallies. Wheat however, and closed firm. Barley was mixed, with a few gains of up to 20 points, but mostly because the market closed steadily increased to 10 higher.

SILVER

Table showing silver prices and market movements.

RUBBER

EASTERN opening on the London physical market. Little interest throughout the market. Little interest throughout the market. Little interest throughout the market.

SOYABEAN MEAL

Market opened flat reflecting very steady C&F closing prices. Reported soyabean meal prices for the week ending 27th October.

FINANCIAL TIMES

Table with columns for various financial indices like Dow Jones, Reuters, and Moody's, along with market news.

STOCK EXCHANGE REPORT

All-round firmness on revived optimism about inflation
Share index rallies 11.8 to 492.2 and Gilts by up to £1 1/2

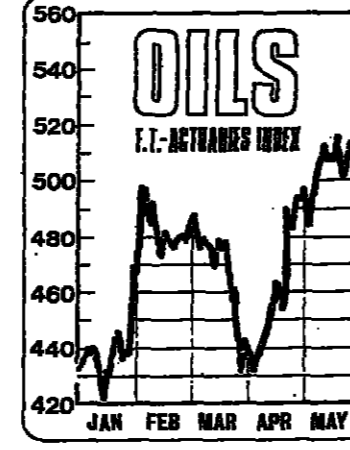
Account Dealing Dates
Optima
*First Declara- Last Account
Dealings Dealing Day
Oct. 21 Nov. 10 Nov. 11 Nov. 22
Nov. 14 Nov. 24 Nov. 25 Dec. 6
Nov. 28 Dec. 8 Dec. 9 Dec. 20

The recent gloom and uncertainty was less in evidence in stock markets yesterday, leading equities extending Monday's rally and improving progressively to close at the day's best which left the FT 50-share index up 11.8 for a two-day gain of 18 points at 492.2.

of the main Funds, closing with rises ranging to half a point, while in recently issued Fixed Interest stocks, Edington 121 per cent., 1883/84, improved 1 to 38 1/2 and Southwark, 111 per cent., 1884/85, put on 1 to 48 1/2.

C. E. Heath please
Despite a new volume of business, some useful gains were recorded in insurance. Better than-expected interim profits helped C. E. Heath rose 23 to 245p, after 245p, and pushed other brokers higher in sympathy.

Electronic Rentals up
Suspended Monday morning at 99p, dealings in Electronic Rentals were resumed yesterday on news that the 100p share bid from Philips Electronic which already holds a stake in ER just in excess of 30 per cent. ER price was quickly pushed up 10 to 108p on hopes of an improved offer.



Vesper improved 5 to 137p following reports that the company is close to concluding a \$300m deal to supply Kuwait with fast patrol boats.

Industries up by 3 to 159p. Braby Leslie were wanted at 84p, up 7. Toy shares to improve included Cowan, up 1 to 68p.

of today's interim statement, while Derby Trust, 159p, and Fawcett, 62p, both closed harder.

Properties good
A good demand was seen for leading Properties, which closed at the best of the day. Land Securities gained 7 to 265p, while MRCP improved 3 to 121p and Samuel 4 to 84p.

Shipments attracted a better business. Furness Withy closed 10 higher at 258p, while P&O and Harmer, 123p, and British Commonwealth, 250p, put on 9 and 7 respectively.

Gold lower
The overnight transactional decline in the gold price and the subsequent 75 cents fall in the latter here to \$195.375 per ounce was accompanied by a heavy marking down of South African Gold shares, although there was some recovery in late trading owing to modest U.S. interest.

FINANCIAL TIMES STOCK INDICES
Table with columns for various stock indices and their values.

HIGHS AND LOWS
Table showing high and low prices for various stocks.

OPTIONS TRADED
Table listing various options and their trading details.

NEW HIGHS AND LOWS FOR 1977
Table listing new highs and lows for various stocks in 1977.

The widespread nature of the rise in equities was seen in the FT-Actuaries indices, in which the average improvement was just under two per cent., and the near seven-to-two ratio of gains to falls in FT-actuarial Gold shares, on the other hand, were overshadowed and the Gold Mines index shed 6.9 more to 145.6.

Encouraging industry survey, Buildings took Monday's rally a step further. Richard Costain put on 6 more to 290p, after 282p, while John Laing A added 4 on 8 to 101p.

where in Electricals, GEC gained 2 to 266p, while Thorn rose 12 to 408p. Electronic issues were in fine form again with gains to 11 in United Scientific at 235p.

Publicity given to broker's circular directed attention to the Grand Metropolitan which improved 4 to 99p, while small buy-in lifted Savoy "A" 2 to 62p.

Noteworthy movements in investment trusts were confined to Capital issues. Ambrose Investment moved up 5 to 53p in front

of today's interim statement, while Derby Trust, 159p, and Fawcett, 62p, both closed harder.

Corporations followed in the wake

touching 372p before closing 9 up

at 113p. Among Shipbuilders,

market estimates took Smiths-

ment moved up 5 to 53p in front

of today's interim statement,

of today's interim statement,

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RECENT ISSUES
Table listing recent issues in Equities, Fixed Interest Stocks, and Rights Offers.

FT-ACTUARIES SHARE INDICES
Table listing FT-Actuaries Share Indices for various equity groups.

FINANCIAL TIMES
BRACKEN HOUSE, 10, CANNON STREET, LONDON EC4P 4BY
For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester. Tel: 246 8026.

ACTIVE STOCKS
Table listing active stocks with their closing prices and changes.

FIXED INTEREST PRICE INDICES
Table listing fixed interest price indices for various categories.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table of Authorised Unit Trusts with columns for Trust Name, Manager, and various performance metrics.

Table of Offshore and Overseas Funds with columns for Fund Name, Manager, and various performance metrics.

INSURANCE BASE RATES

Property Growth 8.1%
Canton Assurance 3%

CORAL INDEX - Close 400.45

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BASE LENDING RATES

Table of Base Lending Rates for various banks and financial institutions.

INSURANCE, PROPERTY, BONDS

Table of Insurance, Property, and Bonds with columns for Company Name, Policy Type, and Rates.

INSURANCE, PROPERTY, BONDS

Table of Insurance, Property, and Bonds with columns for Company Name, Policy Type, and Rates.

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NOTES

Trusts do not make a premium charge where... (Detailed notes regarding trust investments and conditions.)

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FT SHARE INFORMATION SERVICE

HOTELS—Continued

Table of hotel shares including Hotel de Ville, Hotel de Ville, Hotel de Ville, etc. with columns for stock price and change.

INDUSTRIALS (Miscel.)

Table of industrial shares including A&E, A&E, A&E, etc. with columns for stock price and change.

ENGINEERING—Continued

Table of engineering shares including A&E, A&E, A&E, etc. with columns for stock price and change.

ELECTRICAL AND RADIO

Table of electrical and radio shares including A&E, A&E, A&E, etc. with columns for stock price and change.

DRAPERY AND STORES—Cont.

Table of drapery and stores shares including A&E, A&E, A&E, etc. with columns for stock price and change.

BANKS AND HIRE PURCHASE

Table of banks and hire purchase shares including A&E, A&E, A&E, etc. with columns for stock price and change.

CHEMICALS, PLASTICS

Table of chemicals and plastics shares including A&E, A&E, A&E, etc. with columns for stock price and change.

AMERICANS—Continued

Table of American shares including A&E, A&E, A&E, etc. with columns for stock price and change.

CANADIANS

Table of Canadian shares including A&E, A&E, A&E, etc. with columns for stock price and change.

BEERS, WINES AND SPIRITS

Table of beer, wine, and spirit shares including A&E, A&E, A&E, etc. with columns for stock price and change.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of building industry, timber, and road shares including A&E, A&E, A&E, etc. with columns for stock price and change.

CINEMAS, THEATRES AND TV

Table of cinema, theatre, and TV shares including A&E, A&E, A&E, etc. with columns for stock price and change.

DRAPERY AND STORES

Table of drapery and stores shares including A&E, A&E, A&E, etc. with columns for stock price and change.

ENGINEERING MACHINE TOOLS

Table of engineering machine tools shares including A&E, A&E, A&E, etc. with columns for stock price and change.

HOTELS AND CATERERS

Table of hotels and caterers shares including A&E, A&E, A&E, etc. with columns for stock price and change.

BRITISH FUNDS

Table of British funds including A&E, A&E, A&E, etc. with columns for stock price and change.

Five to Fifteen Years

Table of funds with 5 to 15 year maturities including A&E, A&E, A&E, etc. with columns for stock price and change.

Over Fifteen Years

Table of funds with over 15 year maturities including A&E, A&E, A&E, etc. with columns for stock price and change.

INTERNATIONAL BANK

Table of international bank shares including A&E, A&E, A&E, etc. with columns for stock price and change.

CORPORATION LOANS

Table of corporation loans including A&E, A&E, A&E, etc. with columns for stock price and change.

COMMONWEALTH & AFRICAN LOANS

Table of commonwealth and African loans including A&E, A&E, A&E, etc. with columns for stock price and change.

LOANS (Miscel.)

Table of miscellaneous loans including A&E, A&E, A&E, etc. with columns for stock price and change.

FOREIGN BONDS & RAILS

Table of foreign bonds and rails including A&E, A&E, A&E, etc. with columns for stock price and change.

AMERICANS

Table of American shares including A&E, A&E, A&E, etc. with columns for stock price and change.

مکان العمل

INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INV. TRUSTS—Continued

FINANCE, LAND—Continued

Table of Industrial stocks including companies like I.L.C. Finance, I.C.I., and various engineering firms.

Table of Insurance companies including Sun Alliance, Lloyds, and various mutual insurers.

Table of Property-related companies including estate agents and real estate firms.

Table of Investment Trusts including various funds and trusts.

Table of Finance and Land-related companies including banks and financial institutions.

DAWA SECURITIES logo and header.

MINES—Continued

Table of Mines including Central African and Australian mining companies.

OVERSEAS TRADERS

Table of Overseas Traders including international trading companies.

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Table of Rubber and Sisal companies.

TEAS

Table of Tea companies.

MINES

Table of various Mining companies.

FAR WEST RAND

Table of Far West Rand mining companies.

O.F.S.

Table of O.F.S. (Overseas Finance and Securities) companies.

DIAMOND AND PLATINUM

Table of Diamond and Platinum related companies.

MOTORS, AIRCRAFT TRADES

Table of Motors and Aircraft Trades companies.

SHIPPING

Table of Shipping companies.

SHOES AND LEATHER

Table of Shoes and Leather companies.

SOUTH AFRICANS

Table of South African companies.

TEXTILES

Table of Textiles companies.

PAPER PRINTING ADVERTISING

Table of Paper, Printing, and Advertising companies.

PROPERTY

Table of Property-related companies.

TOBACCO

Table of Tobacco companies.

TRUSTS, FINANCE, LAND

Table of Trusts, Finance, and Land companies.

INSURANCE

Table of Insurance companies.

PROPERTY

Table of Property-related companies.

TRUSTS, FINANCE, LAND

Table of Trusts, Finance, and Land companies.

FINANCE, LAND, etc.

Table of Finance, Land, and other companies.

FINANCE

Table of Finance companies.

NOTES

Under otherwise indicated firms and not otherwise are in process of liquidation...

RECENT ISSUES AND RIGHTS

This service is available to every company dealt in on the Stock Exchange throughout the United Kingdom...

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets...

IRISH

Table of Irish companies.

OPTIONS

3-month Call Rates

Table of 3-month Call Rates.

INDUSTRIALS

Table of Industrial companies.

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Inflation rate down again in October

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE UNDERLYING rate of inflation, monitored by the Price Commission's early warning system, fell again in October. Provisional figures released yesterday showed the commission's index of notified rises going up by only 3.6 per cent. in the sixth month of the end of October.

At the same time, the number of increases submitted to the commission has shown a sharp fall since the change in price controls at the end of July.

The latest six-month figures bring the rate of increase in the commission's index to 7.3 per cent. on an annual basis, the lowest level since 1972.

This continues the downward trend in the index over the past seven months and compares with 7.8 per cent. in September and 19.1 per cent. in February.

The commission's figures do not cover all the items in the Retail Prices Index but they usually provide a reliable advance indicator of trends in the retail price index.

The time lag between the two indices is usually three to

four months so the latest figures—like the wholesale price statistics for October published earlier this week which showed a six-month rate of increase of 6.1 per cent.—suggest that the present improvement in the index should be sustained until well into the New Year.

Mr. Charles Williams, chairman of the Price Commission, stressed yesterday, however, that greater price stability depended on many factors including pay.

In an apparent warning to companies which assume that they are entitled to pass on increased wage costs in higher prices, he said that the level of pay settlements would be particularly important "particularly if manufacturers seek to pass on increased wage costs in increased prices."

On prices rises notified to the commission, yesterday's figures show that, whereas in the seven months to the end of July the old commission was receiving about 580 notifications a month, in the past three months the monthly average has fallen to 220.

Bread prices, Page 5

U.S. may fix minimum price to stop steel dumping

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Nov. 8

THE U.S. is seriously considering instituting an agreed minimum price below which foreign steel could not be sold without incurring extra duties.

Such a minimum, or reference, price would be negotiated with the principal suppliers of imported steel and could differ from country to country. It could be based on the production and transportation costs of the most efficient steel company in each foreign nation, or group of nations (such as the EEC).

This is reliably believed to be the key element in the recommendations of the Carter Administration's inter-agency task force investigating the steel trade, headed by Mr. Anthony Solomon, the Under-Secretary of the Treasury for monetary affairs.

This morning, Mr. Richard Cooper, the Under-Secretary of State for Economic Affairs, said that the U.S. had advised a visiting EEC delegation that final decisions on the Solomon Report would not be taken until the middle of this month.

Both Mr. Cooper and Mr. Wilhelm Haferkampf, the EEC Commissioner for External Affairs, said that neither side had made firm proposals on steel pricing or marketing in the course of the present discussions.

However, Mr. Haferkampf said the EEC "would not exclude" negotiations on prices, though it was still too early to set into technicalities since the U.S. position was not yet clear.

The EEC attitude may be

spelled out at greater length here to-morrow when Viscount Etienne d'Avignon, the Commissioner for Industrial Affairs, meets the Press after his talks with U.S. officials.

Japan, the other major steel exporter, has let it be known that it will at least entertain negotiations on pricing.

Sources here stress that it will be extremely difficult to reach agreed minimum pricing. Nonetheless, it is emerging as a central point in the Solomon Report, commissioned by President Carter two months ago in response to widespread demands from the domestic industry and from organized labour for protection from imports.

One attraction of the plan to the U.S. Administration is that it would involve no change in the law and therefore would not require Congressional action.

charging the British Steel Corporation with dumping.

Mr. Vanik had warned before that he was going to do this. Today he said that he had received reports that British Steel was importing steel into San Francisco at \$40 per ton less than the price asked by Japanese companies, who were already being investigated for dumping.

One of the principal complaints of the domestic steel industry is that it takes too long to secure redress by going through the anti-dumping procedures, the one recommended by President Carter and by Mr. Robert Strauss, the Special Trade Representative.

If implemented, the Solomon proposals would simply require that the U.S. Treasury, which under existing laws, is already the first arbiter in dumping cases, satisfy itself that steel is being sold in this country at below the reference price.

It could then, by revising its technical procedures, begin levying extra duties immediately, holding them in escrow until the normal procedures of the Treasury and the International Trade Commission are completed.

In the Commons, Mr. Edmund Selous, the Secretary of State for the U.K., said that the U.S. was not to take anti-dumping action against steel imports from Britain.

He said that precipitate action would damage the prospect of a successful outcome to the multinational trade negotiations—the Tokyo Round—which are now under way.

Parliament, Page 14
Japan-U.S. dispute Page 7

Bank allows £15m. Eurobond issue

BY MARY CAMPBELL

THE BANK OF ENGLAND has given the go-ahead for sterling denominated securities to be issued internationally.

The first issue, £15m. for 12 years for the European Coal and Steel Community, was launched last night.

Negotiations on the possibility of a sterling-denominated Eurobond issue between the Bank of England and leading merchant banks have been in progress for some time.

There has been one such issue before—£10m. by Amoco in 1972. But until earlier this year, the weakness of sterling made foreigners anxious to avoid investing in sterling securities.

Borrowers are mainly likely to be multinational companies with operations in the U.K.

However, it is understood that British companies are not barred from raising funds by issuing sterling-denominated securities to foreign investors, either for investment abroad or for investment in the U.K.

The issue will technically be a foreign currency security and

British investors will be able to buy the bonds only through the premium currency market.

The issue, which is being managed by S. G. Warburg, will pay interest of 10 per cent. a year.

The fact that no withholding tax will be payable also gives it an advantage over more recent issues of gilt-edged.

From the point of view of the coal and steel community issuing bonds in sterling is attractive because the community lends in the currency which it borrows and it can re-lend the sterling to British companies.

In order to avoid confusion over U.K. exchange control requirements—such as reportedly arose with the Amoco issue—the new community offering includes an option for investors to choose to receive interest payments in dollars.

The currency risk however would remain sterling-linked since the amount of dollars paid would be converted at the exchange rate at the time the payment was due.

Details, Page 24

France stops delivery of Vorster warships

BY DAVID CURRY

PARIS, Nov. 8

FRANCE acted today to implement the UN embargo on selling arms to South Africa by announcing that she would refuse to deliver two corvette escort vessels and two submarines nearing completion in French yards.

South Africa has already paid between 60 and 70 per cent of the estimated \$35m. purchase price of the two corvettes. One, the 1,200-ton Good Hope, is undergoing sea trials.

Following confused reports that a South African crew had tried to take it out of Lorient harbour—hotly denied by the South African embassy here—the vessel has been moved into an inner dock.

The Defence Ministry today made clear that the details of French policy remain to be

settled, particularly in the areas of sub-contracting, licensing and the supply of equipment destined chiefly for civil use but with military applications.

French companies producing equipment in this category, such as electrical components, today said that they had received no new instructions from the Government.

The Defence Ministry said the new policy will be announced in the next few days.

It also emphasised that France had undertaken to respect the UN decision in the short-term.

Some clarification of the licensing agreement permitting South Africa to manufacture Mirage F-1 fighter-bombers came from Dassault, the Mirage designer.

The company said that the figure of 70 aircraft, often quoted as the number to be built under licence, was exaggerated and that the total number of aircraft covered by outright sales, local assembly and manufacture under licence, did not exceed 48.

The Government has not yet decided what to do with the vessels being built or about the money already paid towards their construction. The price of each submarine has been estimated at about Frs.170m. (£19m.).

Two escort vessels were to have been delivered in May and November of next year, while the two 1,200 ton attack submarines were to have been handed over in November next year and August 1979.

Vorster speech Page 6

Councils' pay offer has inflation proviso

BY NICK GARNETT, LABOUR STAFF

LOCAL AUTHORITIES yesterday offered the manual workers more than 10 per cent pay rises under a new deal of reopening pay talks within 12 months as part of a pay deal within Government guidelines.

At the same time, leaders of 34,000 seamen rejected a shipowners' pay offer that would mean an increase of about 10 per cent. on total earnings.

Talks between the two sides are due to reconvene next week.

Local authorities told union officials that they would be prepared to start "meaningful" negotiations as soon as wage rises under the new deal were completely eroded by inflation within the following 12 months.

The Government's pay guidelines specify that post Phase Two settlements should be made "on the basis" that they will last a year.

The authorities said yesterday that whether they would be prepared to offer another new deal to take effect within a year was a question that would have to be looked at if the circumstances arose.

The re-opener clause in the offer is likely to have repercussions in pay negotiations for more than 2m. staff, including police, firemen and teachers, paid through the local authorities.

It is not clear how the offer will be received by the manual workers. Immediately, it met a frosty reception from the National Union of Public Employees which has been seeking a minimum 5% wage for its members and is the largest union among the manual workers.

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CBI top official resigns

By John Elliott, Industrial Editor

THE longest-serving senior member of the CBI staff has resigned. He is Mr. John Whiteburn who has been a deputy general of the organisation since 1966 and who now, at the age of 53, has decided to start a new career on leaving the CBI early next year.

His decision to leave, announced last night just six days before the CBI holds its first national conference in Brighton early next week, will be seen as a reflection of a new regime at the CBI under Mr. John Methven, who took over as director general in June last year.

But both men emphasised last night that there had been no row or policy disagreement between them and that they had been friends many years before Mr. Methven arrived at the CBI. Nevertheless, Mr. Whiteburn was particularly close to Mr. Campbell Adamson, and was regarded as one of the possible candidates to succeed him. The CBI, however, followed its tradition of appointing from outside and chose Mr. Methven, who was then Director of Fair Trading.

Enterprise Board expands in North

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE National Enterprise Board intends to set up two new regional bodies in the next couple of months based in Liverpool and Newcastle. They will have authority to make decisions on commercial investments up to £500,000 a project.

This emerged yesterday when Mr. Eric Varley, Industry Secretary, said in the Commons that he had given permission for the scheme.

The objective is to step up the Board's regional work and to boost its investments in small and medium-size companies, which until now have been fairly slow.

The board has regional offices already in the two cities which will form the basis for the two boards. Each of these boards will have six members—four drawn from local business and trade union interests, plus a director of the board's regional office and the board's London-based deputy chairman, who will act as chairman for both boards.

However, this deputy chairman post is vacant and in the meantime a part-time member of the board will take the chair for both regions. He is Mr. Bob Dickinson, former managing director of SFR (U.K.) and chairman of the Government's industrial strategy working party on industrial engines.

The regional boards will have authority to approve "soundly-based" new investments of up to £500,000 a case. Above that figure they will have to refer to the board in London for authority to make an investment. There is no limit to the total funds which can be invested by the two boards.

Some Ministers had hoped that the announcement would be seen by MPs in the two areas as evidence that the Government's devolution policies for Scotland and Wales did not mean that other regions were to be ignored.

Local MPs were not impressed and some would have preferred to have a completely autonomous development agency.

Parliament, Page 14

Weather

U.K. TO-DAY
MOSTLY dry, rain spreading from S.W. later.
London, S.E., Cent. S. England, E. Midlands, Channel Is. Cloudy, rain spreading from W. Max. 12C (54F).
E. N.E. England, E. Anglia Dry and bright, perhaps rain later. Max. 12C-14C (54F-57F).
W. Midlands, N.W., Cent. N.

England, Lakes, I. of Man, S.W. Scotland, Argyll, N. Wales Cloudy rain spreading from W. Max. 10C-12C (50F-57F).
S.W. England, S. Wales, N. Ireland Rain becoming widespread. Max. 12C-14C (54F-57F).
Borders, Edinburgh, Dundee, Aberdeen areas, Highlands, Moray Firth, N.W. Scotland Dry and bright, perhaps rain later. Max. 11C-13C (52F-55F).
N.E. Scotland, Orkney, Shetland Bright patches, showery. Max. 11C (52F).

Outlook: Unsettled.

HOLIDAY RESORTS

Area	Temp	Area	Temp
Alderley	12	Blackpool	12
Bournemouth	13	Brighton	13
Bristol	13	Cardiff	13
Brighton	13	Edinburgh	13
Cardiff	13	Exeter	13
Edinburgh	13	Gloucester	13
Exeter	13	Leeds	13
Gloucester	13	Liverpool	13
Liverpool	13	Manchester	13
Manchester	13	Newcastle	13
Newcastle	13	Nottingham	13
Nottingham	13	Sheffield	13
Sheffield	13	Southampton	13
Southampton	13	Stoke-on-Trent	13
Stoke-on-Trent	13	Swansea	13
Swansea	13	Torquay	13
Torquay	13	Wolverhampton	13
Wolverhampton	13	Wrexham	13
Wrexham	13	York	13

Firemen

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

A TOUGH NEW initiative to strengthen the understanding of voluntary restraint by the Japanese car importers is being launched by the British Government and U.K. motor manufacturers.

The move, which is being backed by renewed threats of import curbs on Japanese vehicles, comes against a background of mounting evidence that the present understanding is crumbling under pressure of the commercial rivalry which exists among Japanese car makers.

Figures released by the Society of Motor Manufacturers and Traders yesterday show that Japanese manufacturers' export to the U.K. rose 11.5 per cent. in the first ten months of the year.

British interpretation of the

Tougher British line on Japanese cars

Some Ministers had hoped that the announcement would be seen by MPs in the two areas as evidence that the Government's devolution policies for Scotland and Wales did not mean that other regions were to be ignored.

Local MPs were not impressed and some would have preferred to have a completely autonomous development agency.

Parliament, Page 14

Money supply goes out of bounds

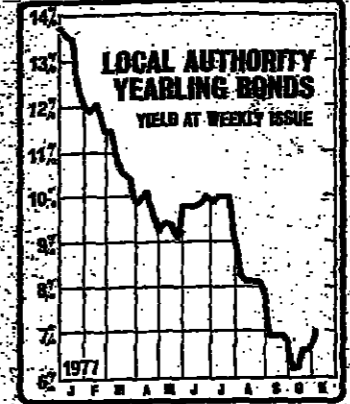
THE LEX COLUMN

Index rose 11.8 to 492.2

The growth in sterling M3 during the banking month to mid-October may not be quite as much as the 2.3 per cent. rise in eligible liabilities. But a rise of the order of 2 per cent. would leave sterling M3 showing an annualised growth rate of 15 per cent. mid-way through the monetary year, providing the anticipated explanation of why the authorities were forced off their sterling peg at the beginning of last week.

Still more alarming things could be happening to the narrower definition of the money supply, M1. Sight deposits have been growing particularly rapidly as interest rates have come down, with non-interest-bearing eligible liabilities up more than 3 per cent. in October. The annualised growth rate of M1 in the first six months could easily top 25 per cent. This could soon bring about some rethinking of the current policy of very low, or short term interest rates. It could be significant that the local authority yearling bond yield edged up again yesterday, from 7.7 per cent. to 7.8 per cent. at a point above the lowest level of part touched last month.

More positive factors are an uptrend in wines and a good performance by Long John, where its appearance with the Euro-Group's pubs has led to a near doubling of U.K. sales. The industry hopes, moreover, for a beer price rise early in the New Year. But although Whitbread is optimistic about 1978-79, it is hard to see profits being much better than unchanged for the current year. Yielding 6.4 per cent, the shares remain in a political risk area.



cent. discount given to retailers this year to boost volumes means that it will be fortunate to break even on side of its business in current year.

The other U.K. manufacturers have held up well. The important Fine Fare operation has left the competition from such as Tesco. For the year ABF sees an "inflation" of the pressure margins and overseas the is much the same with both South African and Aust operations continuing to from keen competition, sequentially for the year as a ABF is not expecting "significant" increase of year's £80.3m. when the boosted its dividend by a 10 per cent. to say, £85m. largesse may not be rep. At 44p, the shares are historic yield of 5 per cent.

Coats Patons
The further appreciation sterling over the past month has knocked £21 Coats Patons' interim dividend which came out at £41m. cent. up on the previous year. The total effect of the exchange movements since Dec is £7m. a figure substantially above the company's estimates when it made its 1977 profits forecast in July.

Although sales have increased by 8 per cent. to £323m, volume has been fairly flat. In the Coats division, accounts for about half of over, thread sales drop 10 per cent. in volume mainly due to poor market conditions in Western Europe. However, substantial increases mean that division, although it is the exchange impact, accounted for 1 cent. of the profit increase.

The downward trend in thread volume sales has continued into the second while the yarns and division is also operating lower level of activity. This suggests that profits will be markedly above the £80m. the able to about £80m. chronic overcapacity in the bread industry only exacerbated and a projected tax rate of the squeeze on margins. ABF per cent. this puts Coats figures. Despite some help from the Jubilee early in the summer, per cent. excess capacity at the 44. The yield is just over, poor weather hit consumption moment and the additional 5 per cent.

Whitbread

The brewers will be meeting Mr. Roy Hattersley within the next few weeks to discuss prices against the background of some uninspiring profit figures—according to some cynics, a little more uninspiring than they need to be. However, the half-time results from Whitbread, the first of the major group is clearly finding the going tough. At the halfway stage pre-tax profits are up just 2.6 per cent. to £32.0m, and with sales 16 per cent. higher, pre-interest trading margins are over a tenth lower.

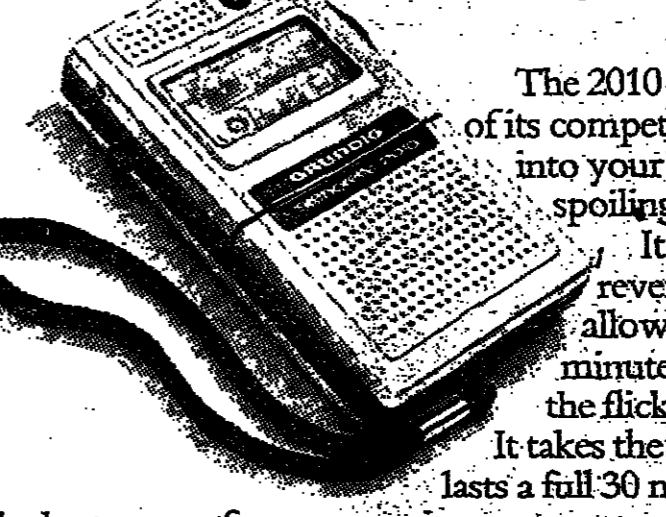
The national bakery strike cost ABF £2m. and bread consumption in the immediate aftermath fell by close to a tenth, which given the chronic overcapacity in the bread industry only exacerbated and a projected tax rate of the squeeze on margins. ABF per cent. this puts Coats figures. Despite some help from the Jubilee early in the summer, per cent. excess capacity at the 44. The yield is just over, poor weather hit consumption

AB Foods

While Associated British Food's baking operations are not going to run up losses of £7m. this year like Spillers' most group is clearly finding the going tough. At the halfway stage pre-tax profits are up just 2.6 per cent. to £32.0m, and with sales 16 per cent. higher, pre-interest trading margins are over a tenth lower.

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